



Birdseye view of last year's June CES at McCormick Place.

Consumer Electronics Show prepares for 60,000 visitors

CHICAGO—Manufacturers of handheld electronic games, video games and personal computers will be well represented at the International Summer Consumer Electronics Show, expected to draw some 60,000 persons to Chicago.

The 1980 Summer CES, the largest ever held, will take place from Sunday, June 15, through Wednesday, June 18. It will feature more than 900 exhibitors and utilize more than 550,000 net square feet of space at McCormick Place, adjacent McCormick Inn and the Pick Congress Hotel.

Sponsored by the Electronic Industries Association's Consumer Electronics Group, the show will also include a number of special exhibits complementing product displays. In addition, 12 hours of retail-oriented CES conferences, workshops and seminars will be presented for show attendees.

Sales of all consumer electronic products "hovered" around the \$15 billion level in 1979, esti-

mates EIA. In its 1980 Consumer Electronics Annual Review, the association predicts that the scarcity and high cost of gasoline, plus other inflationary strains on the average consumer budget, "will cause consumers to turn increasingly to home entertainment and new uses for the TV screen" this year.

The "fast-growing" electronic handheld game market attracted many new manufacturers in 1979, notes the review, "yet supply

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\$1 billion business develops in 6 years

By MILTON SCHULMAN

Exploding into a \$1 billion business in six years, the leisure time electronics market is expected to grow another 25-30 percent at the retail level in 1980.

Merchants of varying types continue to make long-term commitments to this quickly emerging, major sales area whose consumer appeal stretches across the age spectrum.

Buyers of toys, electronics and sporting goods are stocking items ranging from \$25 handheld games to video game systems and new personal computers retailing for hundreds of dollars.

In mass merchandising outlets, leisure time electronics are being consolidated and sold in specially created store areas, where they can be effectively displayed on a year-round basis. Buyers for such organizations have, in many cases, been granted separate budgets that allow them to become properly involved with these high-risk items that yield such unprecedented, high volume.

Independent merchants, too, report they are gaining extra dollars from electronic leisure time products that have dramatically captured the public's fancy.

Retail sales of non-video electronics more than tripled in 1979, their fourth year on the market, reaching an estimated level of \$782 million. Persons in the teen-

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Chip supply shows major improvement

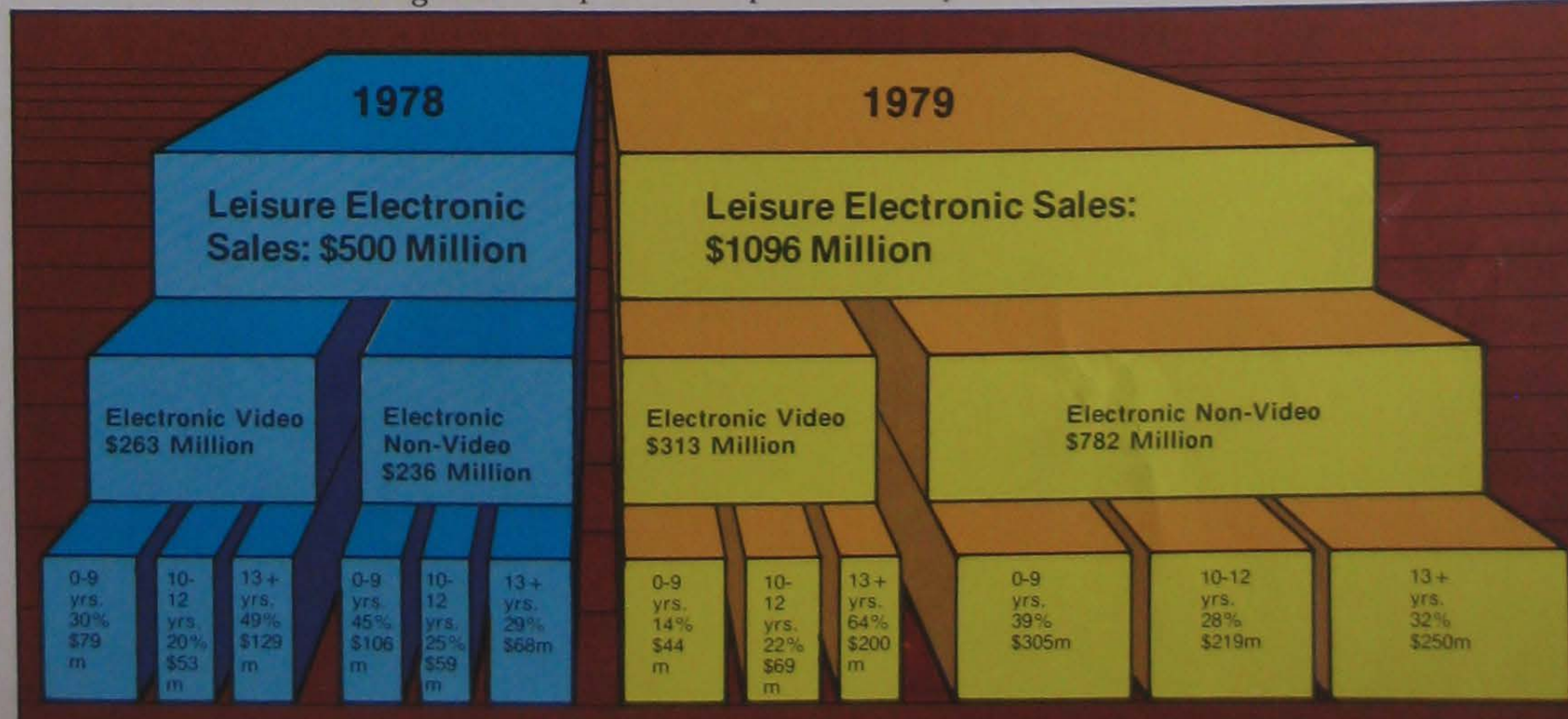
By BOB CITELLI

Leisure time product manufacturers, who have been unable to obtain enough microprocessor chips to meet their production plans, may find themselves in a buyer's market by 1981 as a result of various factors.

A slumping auto industry, poor housing starts, and a general downturn in the nation's economy, combined with new initiatives on the parts of the chip suppliers, should combine to greatly ease the chip supply situation—at least temporarily.

With auto sales down as much as 30 percent and housing starts at an all-time low, chip vendors face somewhat of a dilemma. Demand in these areas is not

Continued on Page S38



The above chart shows leisure time electronic sales for 1978 and 1979, as estimated by NPD Research, Inc. The bottom boxes indicate dollar volume by age groups. (More sales data appears on Page S37).

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for LTE subscription,
advertising information.
Publications Booth
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Some buyers want to know why we've been Number 1 in sales for the past three years...

Mattel Electronics pioneered handheld electronic games in 1977 with the bestselling Football 1. Its success made us the leader of this brand new industry.

We've maintained that Number 1 sales position ever since.

First, by offering consumers a complete line of quality "state-of-the-art" products for superior game play.

Second, by offering you the marketing, merchandising and promotional skills necessary to guide this rapidly growing industry.



others only care about this year.

For 1980, Mattel Electronics presents an impressive line.

Sixteen hand held products in the Sports, Action and Strategy categories. A line designed to encourage multiple purchases among men and women, boys and girls.

We're also introducing the innovative Intellivision™ Intelligent Television home video system with 60-

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Ready to serve a new industry



Bentkover

In creating a trade magazine, a publisher seeks out an existing marketplace and tries to fill a void by bringing that industry's major segments together through a needed communications link.

This was the case with TOY & HOBBY WORLD, the parent publication of LEISURE TIME ELECTRONICS, which was designed to address the specific needs of an already developed market (the toy and hobby industries) and the defined buyers in that market. Over the years, TOY & HOBBY WORLD has established a pre-eminent position, and the confidence of its advertisers has been highly instrumental in stimulating this new publishing venture, LTE magazine.

A different process has taken place in the creation of LEISURE TIME ELECTRONICS. During the past four years, we have been following the emergence of an entirely new industry. It first became apparent with the appearance of a totally new product category, TV games. This led to a new method of merchandising, a new set of buyers and a crossover between the toy and electronics retail markets, which is now giving rise to completely new retail outlets, oriented toward selling family leisure electronic products.

It is an exhilarating feeling to be standing ready to serve an emerging industry, with a brand new publication that has no parallel anywhere else.

There is a special need for LEISURE TIME ELECTRONICS, because great confusion still exists at every level of this industry; confusion about who it is that buys leisure electronic products; what constitutes leisure electronic products; how they are identified to the consumer, and how the consumer can find the right department or retail outlet to examine and buy the variety of leisure electronic products that are quickly becoming available.

What is the background of the retail buyer of leisure electronic products? What is his training and his knowledge of the highly sophisticated merchandise he is now selling? LEISURE TIME ELECTRONICS will identify these buyers as they emerge, and provide them with clear, concise information that helps them do their jobs professionally and profitably.

Our direction is indicated in this premiere issue. For example, we have devoted an extensive amount of space to a comprehensive directory of leisure time electronic products being marketed this year—organized conveniently by product classification. Included are brief descriptions of the items and promotional plans of their

manufacturers. To our knowledge, such a directory exists nowhere else. It has been specially designed to serve the practical needs of buyers in planning their merchandise mixes this year.

This issue also includes exclusive byline articles by manufacturers of leisure time electronic products and microprocessor components, and by an official of a highly regarded marketing research firm. These features aim to increase your knowledge about the technology that has made leisure time electronics possible, and of future trends that will affect your sales.

LTE will serve as a buyer's guide to all product categories which comprise leisure time electronics. Future issues will contain product comparisons, where there is much duplication of product; further enlightening articles on microprocessor technology; continuing information on sources of supply, both domestic and foreign, and, of course, details of successful retail merchandising techniques.

The material in LTE has been compiled by our editor, Milt Schulman, and Bob Citelli, our associate editor, who have already established close lines of communication with many of the major executives and buyers in this industry. They welcome your comments on how LTE can further help you in your merchandising.

If you are reading this before the June CES in Chicago, we invite you to meet us at our booth, Booth no. P42 in the Publication Booth Section.—Harvey Stern and Stephen Bentkover, Co-Publishers.



Schulman

Looking forward to exciting future



Citelli

As principal editors of LEISURE TIME ELECTRONICS, we are enthusiastic about being involved in the emergence of a new kind of lifestyle for Americans—the Age of Electronics.

We have been reporting the development of the leisure time electronics industry for four years in TOY & HOBBY WORLD, and are well aware that all the wonders currently visible represent only a small fraction of what is yet to come. We feel privileged to be able to help the retailing community understand this important product revolution, and create meaningful ways of presenting this unique merchandise to an extremely broad customer base. In addition, we plan to keep pace with the new technologies as they develop.

We will be discussing aspects of leisure time electronics merchandising at greater length in this column. Meanwhile, we look forward to meeting buyers at the June CES, and hope to hear from many of you in the upcoming months.—Milt Schulman, Editor, and Bob Citelli, Associate Editor.

Leisure Time Electronics

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Digest

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Expect 60,000 to attend summer CES in Chicago

Continued from Page S1
seemingly cannot keep up with demand." Sales of handheld electronic games soared to \$450 million at manufacturers' level last year, estimates the publication, compared with \$35 million in 1977. Electronic board games

such as chess, bridge and checkers are also providing "sales growth for many retailers," according to the report from the Electronic Industries Association.

NEW VIDEO CARTRIDGES

The Annual Review notes that

programmable video games "shared in the general consumer interest in games last year. Many new cartridges were made available to meet growing demand for software." Sports cartridges remain "very popular and adventure games lead sales in many

parts of the industry," reports the association.

In its review, the association notes that with the development of more sophisticated game programs, games with keyboard and other input devices, it has gotten "difficult to differentiate

THE ELECTRONIC GAME WHEN THE CHI

All electronic games have chips in them. But that's where the similarity ends. Because some electronic games don't play very well, and some don't have strong promotion, and some are so unknown they just sit on the shelves, and some can't be delivered when you need them. But when all the chips are down, there's one company you can depend on for electronic games. Entex.

Our quality is known throughout the industry. Even when we have a game that's a big seller we continue to upgrade and improve it, using "smarter" chips and giving it more functions.

between some video games and personal computers" that are presently on the market.

COMPUTER MARKET GROWS

The personal computer market, according to the Annual Review, has been "dominated for the past few years by small businessmen and hobbyists." In 1979,

however, "some retailers expressed opinions that the awaited development of a consumer market was getting closer, particularly as more software and peripherals become available. Several informed industry executives look for production of personal computers to reach about 600,000 units this year, at a value of about

\$750 million."

CES Special Exhibits will be highlighted by the Consumer Electronics Design and Engineering Exhibition, presented on the lobby level of McCormick Place. Here about 100 new products, selected for their innovation by a distinguished panel of judges, will be on display in a gallery-like environment.

EIA notes that the consumer electronics industry is currently on a "technological high," and that the end result of these swift technological advances can often be seen for the first time by a mass audience at this regular exhibition.

Other CES Special Exhibits will
Continued on Page S8

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Our electronic games are heavily promoted with award-winning commercials that are real "stoppers."

At the end of last year, many electronic games were still on the shelves of retail stores. Entex Electronic Games sold out.

This year, we have 15 games in our line. We brought out more new electronic games than any other company. We have the most sports games. The most two-player games. The most full-field games.

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Circle No. 4 on product card



CEG restructures; adds video systems unit

WASHINGTON—Recognizing the diversifying needs of its "greatly expanded" membership, the Electronic Industries Association's Consumer Electronics Group ratified a new structure and elected additional officers at its recent spring conference.

Over 60 manufacturers now belong to the Consumer Electronics Group, and this number was expected to reach 80 by mid-year.

At the conference, a total of 29 companies was elected to serve on the new 33-member CEG board

of directors for 1980, which is equally divided between audio and video companies. One of the board's companies is Mattel Electronics.

To accommodate expanded video membership, a Video Systems Subdivision was formed. It will be responsive to statistical, engineering, government affairs and industry development requirements of manufacturers of video games, personal computers, video tape recorders, video discs, video cameras and accessories and

blank video tape.

Kenneth L. Ingram of Magnavox is chairman of the Consumer Electronics Group's board of directors. Tony Mirabelli of Quasar is chairman of the Video Systems Subdivision.

CEG has also appointed Frank Barth, Inc. as its advertising, marketing and public relations agency.

MOUNTS PUBLICITY EFFORT

The agency is developing, coordinating and publicizing a

series of target market programs called Consumer Electronics Jubilees in major market areas. The first was scheduled for Boston in mid-May.

Late last fall, the agency began a promotion/publicity program to help develop media awareness and exposure of the consumer electronics industry by encouraging lifestyle, business, technology and financial editors of print and broadcast media to attend the Consumer Electronics Shows. The overall aim of its public relations efforts will be to focus more media attention on the benefits that consumer electronics products bring to the American public.

No matter what size LCD is in design . . . Our ZEBRA LCD connectors are on the line.

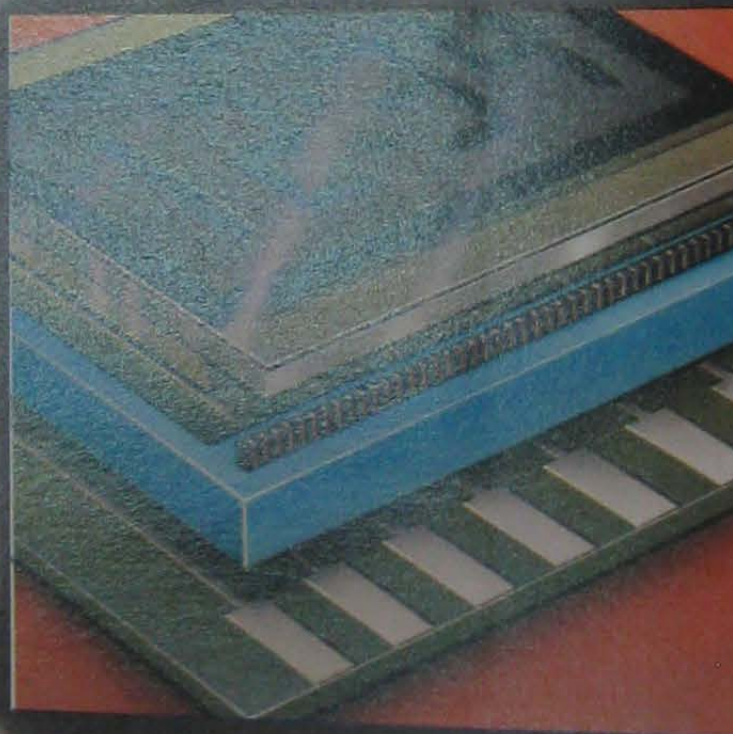


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Summer CES

Continued from Page S7

include the Retail Resources Center, featuring retail service organizations. An International Visitors Center will be headquarters for an estimated 5,000 overseas visitors to the show, with a bilingual staff in attendance.

National trade associations will have exhibits providing special services to members attending CES, and some 50 industry publications that regularly feature consumer electronics in their editorial and advertising pages will have individual exhibits.

A conference on the Federal Communications Commission's involvement with electronic games, home computers, television, VCRs and video discs will be held Monday, June 16, from 9 a.m. to 11 a.m.

A retail merchandising workshop, to be held from 2-4 p.m. on the same day, will focus on advertising, direct mail and store display. The following day, Tuesday, June 17, a retail management seminar will be held on inventory management, expense control, personnel relations and store operations. The hours for this conference are also 2-4 p.m.

Hockey game promo

CHICAGO—Waddingtons House of Games, which is marketing its Electronic Hockey 2 this year, plans a special promotion keyed to the surprise gold medal victory of the U.S. hockey team at the Winter Olympics in Lake Placid, N.Y.

Each copy of Electronic Hockey 2 produced this year will carry a package sticker indicating that the manufacturer, upon receipt of the product warranty card, will forward \$1 in the consumer's name to the U.S. Olympics Committee in financial support of future U.S. Olympic hockey teams.

Distribution of Electronic Hockey 2 is scheduled to begin in midsummer, says the firm.

Leisure Time Electronics

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May 1980 issue—mail before Sept. 1, 1980

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| 07. Hardware Store | 16. Manufacturer | 99. Other |
| 08. Auto Store | 17. Mfr. Rep. (Toys) | |

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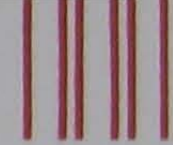
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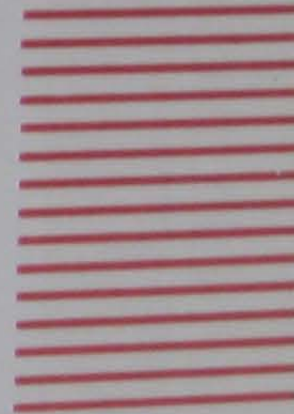
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Data Entry

FCC exempts handhelds from pre-market test

WASHINGTON—The Federal Communications Commission has exempted handheld electronic games from regulations that would require pre-market testing.

The pre-testing rules, which now become effective January 1, 1981, instead of July 1, are intended to screen out electronic products that could interfere with radio waves.

Toy Manufacturers of America had petitioned the agency for the exemption, arguing that handheld games are equivalent in their construction and parts to personal calculators, which the FCC has already excluded from the rules coverage.

Aaron Locker, TMA's general counsel, says the agency has also

invited him to file for an advisory opinion that would have the effect of granting an exemption to tabletop games as well.

The FCC has also extended from July 1 to January 1 its target date for instituting new personal computer interference standards. The six-month extension was granted after a number of manufacturers held that they were given insufficient time to redesign and manufacture complying products.

The commission has additionally extended by two years its compliance deadline for new personal computer products, and by four years its compliance deadline for devices currently in design and production stages.



MAKES ELECTRONIC ENTRY: Leonard G. Sausen, GAF director of marketing, Pictorial Products, has his finger on the winning number of a giant model of Melody Madness, the firm's first entry into the electronic game market.

Mallory & Co. changes name to reflect firm's 'present thrust'

BETHEL, CONN.—The corporate name of P.R. Mallory & Co. Inc. has been changed to Duracell International Inc. to "more appropriately reflect the present nature and thrust" of the company's business.

Duracell International Inc. is a wholly owned subsidiary of Dart Industries Inc., which acquired P.R. Mallory in late 1978. The company manufactures a variety of high-performance batteries sold worldwide under the Duracell trademark.

Peter G. Viele, president and chief executive officer of Duracell International, says the new name designation "more aptly describes the company and positions the

Duracell battery business as a worldwide franchise." Additionally, he says, "the new name gives us a closer relationship to our parent company and a commercial advantage in our relationships with those outside the company." Prior to the name change, Duracell was a "group operation" of Mallory, which itself was a Dart subsidiary.

The names of Duracell International's principal U.S. divisions also have been changed to the following:

The Duracell Company, U.S.A., Bethel, Conn. (from Duracell Products Company). The division markets and sells Duracell batteries through con-

sumer replacement channels.

Battery Technology Company, Tarrytown, N.Y. (from Mallory Battery Company). The division has responsibility for the company's manufacturing, engineering and technical sales in the U.S. and operates plants in five states.

The names of most of the firm's operations outside the United States also will change, with generally the name Duracell replacing the Mallory designation.

Fidelity develops software corporation

MIAMI—Fidelity Electronics, Ltd. has formed a new corporate entity, the Fidelity Software Development Corporation.

The wholly owned subsidiary of the Miami-based electronics firm will be headquartered in Paris, France. Tim Scanlan, a native of England and a former consultant to Fidelity, has been named general manager.

According to Scanlan, the new corporation will employ several of the many European programming engineers, who will initially work on developing future generations of the firm's microprocessor bridge game, the Bridge Challenger. They will also work on computer applications for some of Europe's unique adult games.

Fidelity Electronics' Challenger line of microprocessor board games, including chess, checkers, backgammon, and bridge, is marketed in over 2500 retail outlets worldwide. The firm asserts it is the world's largest manufacturer of self-contained microprocessor-based board games.

Forms firm to produce computer game materials

BALTIMORE—The Avalon Hill Game Company has formed a separate new firm to produce computer programming and cassette tape packages that will allow a large variety of games to be played through the use of home computers.

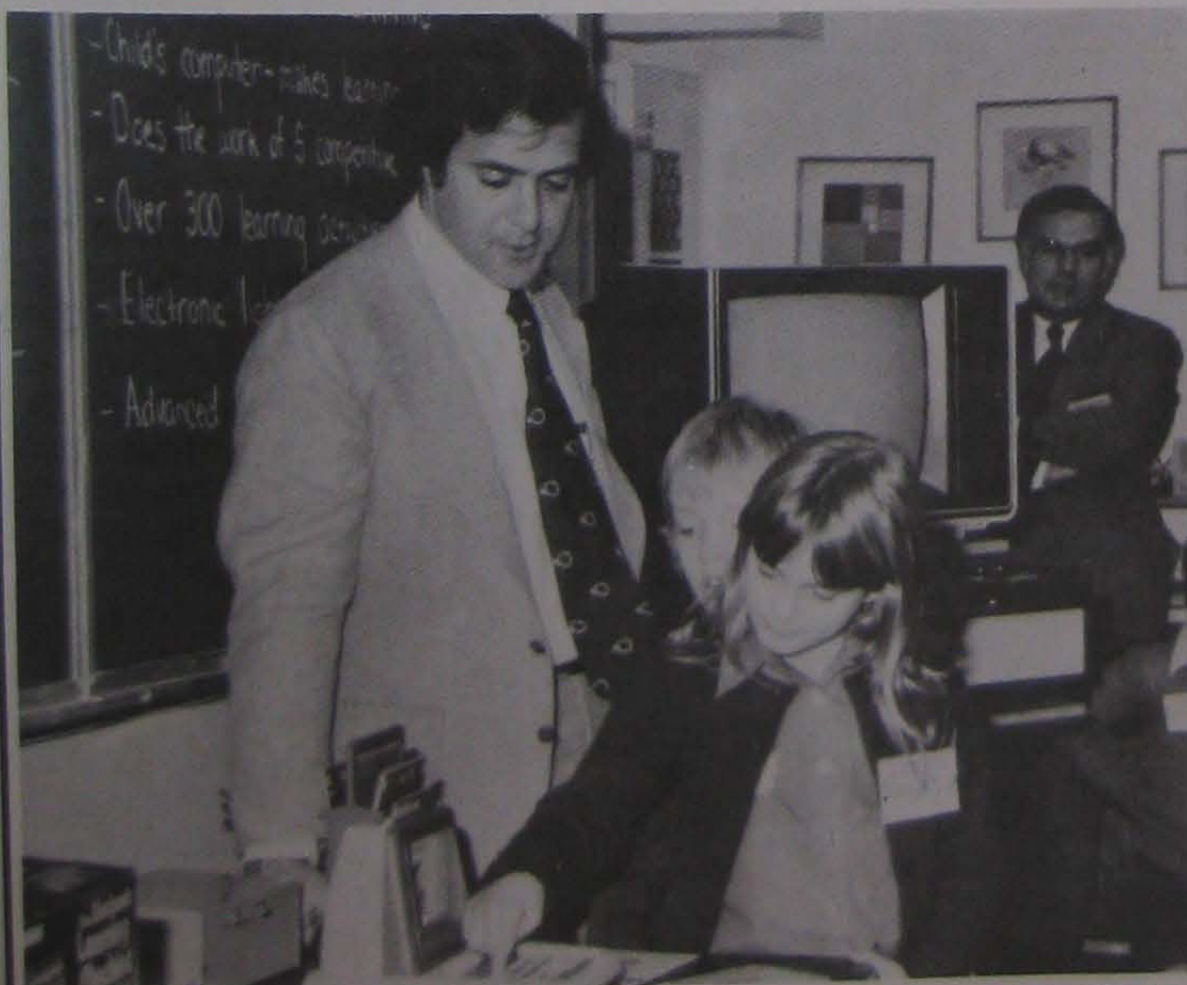
Eric Dott, president of the adventure game manufacturing concern, reports that the new organization has been named Microcomputer Games, Inc. and will be headquartered here. Tom Shaw, executive vice president of Avalon Hill, will head up the new company.

According to Shaw there is "a huge new market developing in this field." The executive vice president explains, "all of our research indicates the strong probability that playing games through a home computer will be the next big family entertainment activity."

Shaw refers to the rapid growth in sales of relatively inexpensive mini-computers for home use, with companies such as Radio Shack, Apple and Commodore PET aggressively promoting a large variety of computers priced for home use.

"Thus it was inevitable," he continues, "that these home computers would be positioned eventually as a home entertainment medium in addition to their more normal functions."

Microcomputer Games, Inc. says it plans to produce "a large variety of games in a wide range of subjects in many degrees of difficulty and complexity, which should appeal to practically every member of the family."



INTRODUCES LEARNING AID: Michael V. Katz, vice president of marketing for Coleco Industries, is assisted by New Lincoln School student Shannon Pettridge in demonstrating company's new Electronic Learning Machine at a recent press conference at the Manhattan school introducing the product.

\$1 billion leisure electronic market spans broad age group

Continued from Page S1

purchased some one-third of these items, and more than half of the video games sold last year.

Heavy consumer demand for individual items kept these products in short supply. However, for the first time retailers experienced some carryover inventory of handheld games made by secondary companies.

In 1980 manufacturers plan to distribute more than 300 non-video electronic items, triple the number on the market a year ago. (A detailed chart of 1980 leisure time electronic products, with planned promotion, appears on page S16).

Consumers and trade buyers are again expected to give the biggest play to brand merchandise. Unlike previous years, though, trade persons find greater availability of continuing product, and have a wider number of sources to use in building their total mix.

After registering phenomenal growth in its initial years, the leisure time electronics market is expected to show retail sales gains of 25-30 percent this year. Industry persons feel that supply is beginning to catch up with demand in certain sub-categories of handheld games. Retailers also report that the downturn in the economy had some effect on electronic game sales in the early part of the year.

"We're not looking at electronics as toys anymore, we're regarding them as adult entertainment items"

—Don Kapicka, The Broadway

Most buyers, however, anticipate good sales movement later in the year, and have allocated key amounts of floor space to leisure time electronics. In fact, the need to let consumers touch these products, in order to demonstrate their unique features, is leading to a retailing revolution almost as impressive as the electronic product revolution itself.

"We're not looking at electronics as toys anymore, we're regarding them as adult entertainment items," declares Don Kapicka, electronics buyer for the 40-unit Broadway department store chain in southern California. "We've moved all of our electronics out of the toy department, because management sees a greater potential in selling them to adults."

At most stores of The Broadway, electronics are being showcased in a first-floor department that carries about 40 handheld games, and two video game systems.

Kapicka is well aware that the

chain take advantage of the category's great appeal to adults.

Two-thirds of the games in stock will be powered and displayed on secured demonstration fixtures. The video game systems are connected to television screens, allowing customers to practice the different games and see how they work.

"More sophisticated electronic games are coming out, and we see our customers looking for new forms of home entertainment and home education," says Kapicka. "Despite the high risks, we feel we have to gamble and go in the electronic direction."

"I think we're looking at an industry that is changing very fast," adds Kapicka. "There is a year-round selling pattern for these goods, and now there is much greater availability of product on a year-round basis."

Kapicka estimates that 60 percent of his electronics business will come in the fourth quarter, when there is greater competi-

Group of current and past electronic games and toys utilizing Texas Instruments' TMS 1000 chip.

video game systems are a direct link to the oncoming age of personal home computers. "We feel the video game system is a way of easing our customers into the home computer field," he says.

Using a separate budget and "separate accountability" that does not affect the results of his other merchandising, Kapicka plans to build a selection featuring "at least 70 percent very identifiable, name-brand merchandise." He believes that the first-floor location will make it easy for children to find electronic games, while helping his

tiveness in the field. However, he feels that the higher profitability that can be gained earlier in the year will balance out his overall effort.

"If I do the mix right, I feel we can succeed," he states. "I think electronics represents additional dollars for our stores, and brings in a lot of new traffic."

MAINTAINS SAME SPACE

The toy department at Hess's, Allentown, Pa., has been involved extensively with electronic games for several years. The chain maintains the same amount of space for the category year-round—30 feet of running stock—and early this year had 15 demonstrator units in operation. Early-year sales were made primarily to upper teens to adults, notes Bill Marine, Hess's toy buyer.

Electronics are carried in a separate area near the toy department. Marine reports that his stores carried 60 SKUs last fall, but because of caution about this year's economy, he was going with 30-35 SKUs early in the year, and expected to stock fewer items than last year in the fourth quarter.

"In my mix this year, I have to go with last year's winners and play the new ones by ear," he says. "We depend very heavily on distributors. In that way, we can bring in the new goods in small quantities, to get a feel for how they will do."

Marine expects supply of the high-demand items to remain tight. "Football will still be a winner, and sports games will dominate," he says. "Baseball is getting stronger. But space seems

to be the weakest of the items promoted so far."

Like other retailers, Marine finds that he is having little trouble receiving shipments of popular two- to three-year-old items, even though these products remain on allocation from their manufacturers.

CREATE SHOP ENVIRONMENTS

Department stores have been especially prominent in showcasing electronic games because they can easily create "shop-type" environments, believes Len Dvorin, president of H. Corenzwit, Hillside, N.J., a major wholesaler of electronic games to accounts nationwide.

Department stores can create attractive visual displays, Dvorin points out, and have "fashion-conscious consumers with higher family incomes, who are interested in what's happening."

Dvorin sees a continuing improvement in the variety and quality of electronic products being marketed. "There is an underlying base of strong consumer interest in the field, but no general thirst for electronics," he remarks. "Consumers want to look at what's being offered. They are doing more selective buying."

Higher price points on newer products, combined with today's "credit crunch," are breeding caution among trade buyers, even though they remain strongly committed to electronics. Despite the obstacles, "I think there's enough attractive product out there to attract the dollars," states Dvorin. "If the product is exciting enough, it will be bought as an all-family purchase."

MORE PRODUCTS AVAILABLE

"Manufacturers' expertise has increased," he states, "along with their confidence. We won't see the massive shortages of the past, and will find an increased supply of continuing products."

Dvorin sees a larger amount of product now coming from the major companies. "You can get 50 good products from the name-brand manufacturers, compared with about 25 last year," he says. "Still, there are other producers who are doing a fine job, and they will get a decent share of the market. But I feel the future is limited for companies that are merely involved with knockoffs."

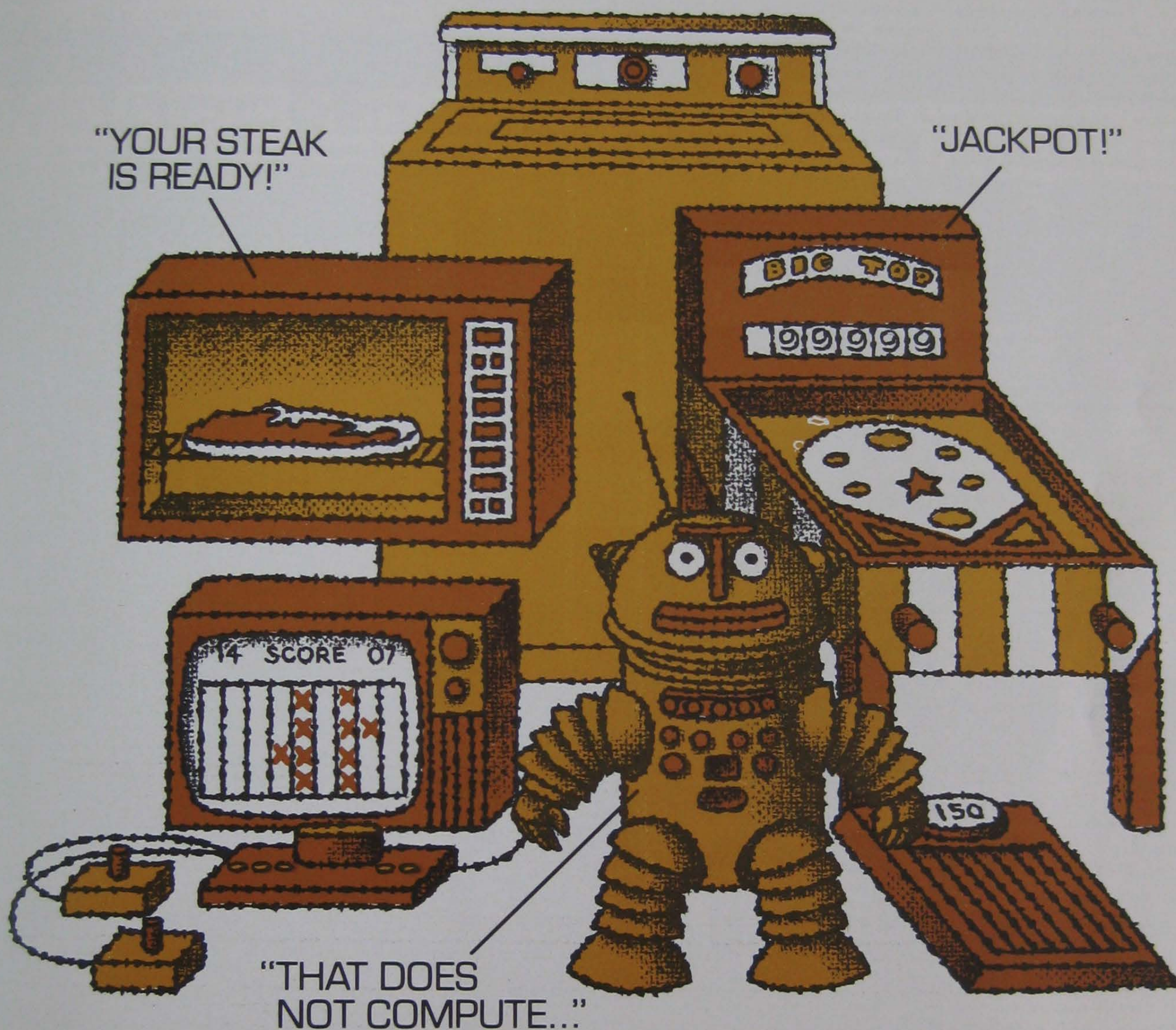
Proliferation of product, in a merchandise area that requires

Continued on Page S14

"Electronics have increased our customer base to the 18- and 19-year-old consumers. It has given us a broader scope of customers than we ever had before"

—Norman Rosenberg, King Norman's Kingdom of Toys

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Circle No. 6 on product card

High adult interest changes retail sales, display patterns

Continued from Page S12
heavy dollar outlays, concerns most buyers. "We feel there are too many electronic games and programmable cars on the market for an operation like ours to digest," says Norman Rosenberg, president of the 11-unit King Norman's Kingdom of Toys chain of independent toy stores on the West Coast.

Rosenberg credits electronics with helping his stores achieve a 22 percent sales gain in the early part of this year. The sales have come because "we had more merchandise in stock than last year."

At the same time, Rosenberg feels he must be extremely selective in choosing items to carry in this high price range. "The game itself must have features that justify the price," he says. "Outside of the sports category, which remains strong, many of the items that play more than one game sell better. These items have the appeal of greater diversity. Programmable cars are also appealing because they can do more."

"A product's uniqueness, playability and appeal sells. Games with a strong family appeal have wider salability."

Along with these factors, Rosenberg takes into account an item's packaging, its planned promotion and its price points in making his merchandise selections. "Another factor is availability of merchandise," he adds. "Some firms are traditionally late shippers. We prefer to have merchandise in the store early, so that we can get an idea from the consumer of sales potential."

BOOSTS ADULT PROMOTIONS

A chain that promotes toys 52 weeks of the year, King Norman's has recently greatly expanded the amount of promotional money it uses to reach teenagers and adults. Electronics is the key reason. "We always were active in adult games, such as backgammon and chess," relates Rosenberg, "but we never spent thousands of dollars a month promoting adult games, because the size of our audience didn't warrant it. Now we do. Electronics have increased our customer base to the 18- and 19-year-old consumers. It has given us a broader scope of customers than ever before."

King Norman's runs frequent newspaper advertisements featuring electronic games, and conducts many in-store demonstrations. Additionally, the stores use in-store voice commercials made by Rosenberg himself, and put up signs to pinpoint new items. "We also train our employees to know what the product is and what it does," says Rosenberg.

The great appeal of electronics

to older consumers has brought an increasing number of merchants into the toy distribution pattern, who had never been previously involved. One of these is Mel Gerst, president of Chess and Games Unlimited, a seven-unit chain of independent stores in southern California that has catered to adult leisure time interests for seven years.

Originally, the stores basically carried chess and backgammon sets and adult board games. But when the backgammon craze

peaked, the chain recouped a good deal of lost backgammon sales with sales of high-ticket electronics such as video games, computer chess and backgammon.

MORE COMPETITIVE MARKET

"In the past few years, we've been gaining an increasing amount of sales from lower ticket electronics, and are finding ourselves involved in a more highly competitive marketplace," says Gerst. "We were surprised by the great amount of adult interest in

handheld games. Initially we rejected these items, but we were wrong. There are a lot more adult buyers than we thought."

Gerst says that his stores still do best with higher-end products, but now carry "a lot" of handheld electronics "just to round out our merchandise mix, even though we can't sell them at discount."

Proliferation of product, and the "great pressure" at trade shows to order product that will be in tight supply, make it diffi-

Electronics herald revolution in lifestyle

By MILTON SCHULMAN

The emerging leisure time electronics market represents the leading edge of a far-reaching technological revolution, believe many trade persons.

This revolution is perhaps equivalent to the one that occurred with the introduction of electricity, in the view of Jeff Rochlis, president of Mattel Electronics.

"At that time, existing non-electric products were enhanced by electricity and a host of new product categories was introduced," Rochlis observes. "The same thing is happening today with microprocessor technology."

"We're going to move very quickly with the applications of this technology, which will spread to many aspects of our life. This will make possible whole new dimensions of products and services."

Noting the explosive growth of the electronic handheld game market in the past two years, Rochlis feels it is not "unrealistic" to anticipate a "20-50" percent volume gain this year at manufacturer level. "I don't think consumer credit pressures will have any effect on items priced under \$40 or \$50 at retail. We've had no indication that this is an unacceptable price point."

DIVERSE DISTRIBUTION

The present distribution pattern for handheld games is "fairly diverse," Rochlis finds. "Sports games, for example, are sold extensively in toy outlets, but also extensively in sporting goods outlets, and have a good representation among electronics retailers. The more exotic items, which are more adult-oriented and higher priced, are carried more in electronics outlets."

Electronics merchants have long been geared toward selling product that requires demonstration, and providing salespeople who can answer customers' questions, Rochlis points out. "In many ways, they are better equipped for nourishing the in-

store sale than the toy merchant has been traditionally."

Department stores, who "like to deal in new trends and fashions," have become leaders in electronics merchandising concepts from which other retailers can learn, he notes.

The nature of selling electronics is also reshaping the approach of self-service merchandisers, such as the toy supermarket chains, according to Rochlis. These outlets have found it necessary to set up secured, clerk-serviced areas to display their handheld products.

SPORTS ITEMS DOMINATE

Rochlis calls the sports category the "most mature sub-segment" in the handheld games field. "There are more SKUs and more quantities. It's also the biggest selling category. I feel supply and demand will meet there first, followed by other categories, such as action and strategy games."

In general, he believes that with the exception of "a few dozen items," supply and demand "will pretty well meet this year."

The evolving nature of the business will lead to a "series of shakeouts," Rochlis believes. "But for everybody shaken out this year, one or two newcomers will enter the market. The technology behind these products is changing so rapidly, that you will need a whole new generation of products every few years."

Tony Clowes, president of Entex Industries, points out that distribution of handheld electronic games has reached a point where the consumer can be selective. "You don't have the same instant acceptance of an item as you had before."

While he, too, sees a diminishing in the explosive growth of the category, Clowes still foresees excellent long-term growth.

Clowes expects handhelds to continue as a substantial portion of the business, but also sees technology leading manufacturers in new product directions.

Clowes believes that as brand merchandise tends to capture more of the total market, secondary manufacturers may find it difficult to remain in business. "This doesn't mean that consumers are brand conscious," he elaborates. "But young adults are prestige-conscious, and want items that are currently in fashion."

A weeding out of producers could lead to the availability of more microprocessor components for the remaining manufacturers, notes Clowes. "With more chips, the brand manufacturer might then begin to feel he can become more innovative. Even the potentials of handheld games can be expanded a great deal. The voice chip, for instance, is now available from various sources."

MORE PRODUCTS 'ON STREAM'

Clowes notes that some manufacturers had more products on stream this January than in any other January. "This enables them to keep their production ongoing. With the majors planning to promote strongly this year, and buyers placing their money on products more likely to sell, maybe the shelves will be a lot cleaner at the end of the season. That could influence the growth pattern in 1981."

Handheld electronic games have provided the death-knell for dedicated (single-game) video games, which enjoyed only a brief vogue. However, consumer interest in programmable video game systems is rapidly rising, reports Michael Moone, president of Atari Consumer Products. Moone says that his firm enjoyed a complete sellout of product in 1979.

"There was a severe shakeout in the video game market in 1978, when there was a lot of confusion between dedicated games and programmable games," says Moone. "However, consumers and buyers are beginning to understand the difference, and we see good sales in the years ahead."

cult to examine a game's playability, complains Gerst. "Because we are now in a different marketplace, we find it necessary to use other criteria than playability to make our selections. They include basic packaging, the look of the game, the name behind it and the planned TV promotion."

Gerst was happy to find that product availability has "improved" this year, and as a result reports less pressure to order at the trade shows.

Some buyers are waiting to obtain separate budgets from their managements before establishing an electronics section.

"I expect eventually to split off

electronics from my toy department," says the toy buyer for a Southern department store chain. "You've got to, because you're dealing with a different customer and price situation."

"Electronics is expensive. I need a separate budget in order to do a proper merchandising job. It requires a demonstration

area, and I feel I can't do it justice at this time."

The buyer is confident that his management will soon join the general trend toward establishing separate budgets.

"Electronics is big business," he states. "Our customers are asking for it, and I want to give them what they want."

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Leisure time electronic products by category

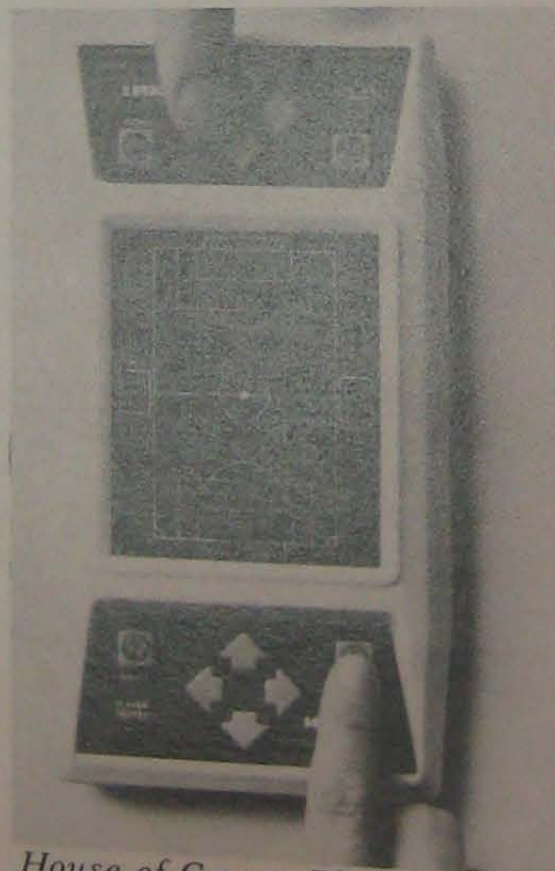
As a service to buyers, the following chart lists leisure time electronic products to be marketed this year by classification. The items are listed as they were reported to LTE by their manufacturers. Included are general descriptions and promotional plans as

provided by the manufacturer. Names and addresses of manufacturers appearing in this listing can be found on page 25. This directory will be updated, as needed, in future issues. (LTE is not responsible for omissions from these directories.)

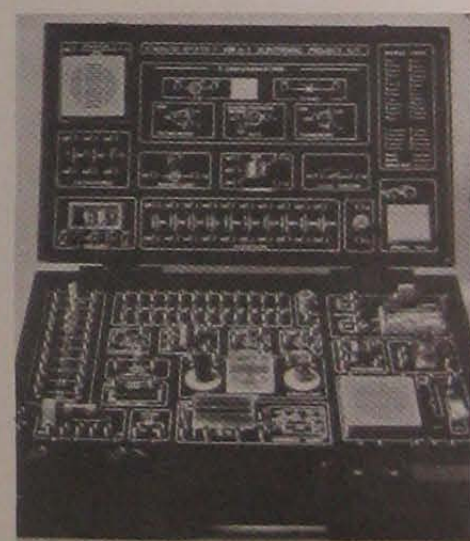
MFR.	PRODUCT	TYPE	PROMOTION
SPORTS GAMES—FOOTBALL			
Amico	Football	handheld	Spot TV 4th quarter.
Bambino	Superstar Football	handheld, tabletop, 1 or 2 players	
	Football Classic	handheld, tabletop, multi-color display,	
Bandai	Football	handheld	
Coleco	Head to Head	handheld, 1 or 2 players	National TV 3rd and 4th quarters; print 4th quarter.
	Quarterback	handheld, 1 player	National TV 3rd and 4th quarters.
Conic	Football I	handheld, 1 person	
	Football II	handheld, 1 person	
Entex	Color Football 4	handheld, 1 or 2 players	Spot TV, 61 markets, Sept. 29-Dec. 12; National and spot TV (with Gin Rummy and Pinball, July 21-Sept. 6 and Sept. 29-Dec. 12.
	Football 3	handheld, 1 or 2 players	National and spot TV in 61 markets, July 21-Sept. 6 and Sept. 29-Dec. 12.
Epoch	Pro-Bowl	tabletop	
Kenner	Live Action Football	tabletop	National and spot TV, August into December.
Mattel	Football 2	handheld, 1 or 2 players	National TV and print, 3rd quarter; spot TV September into December.
	Football	handheld, 1 player	Spot TV September, October; print 3rd quarter.
Maxtron	Football 2	handheld, 1 player	
	Football 1	handheld, 1 player	
MITCO	Proformance Football	handheld, liquid crystal display	National TV plus spot TV in 25 markets, beginning August 25 in New York and Los Angeles, October 15 in other markets.
Multitech	Pro-Quality Football	handheld	
Regency	Power Pigskin	handheld	
Straco (F.J. Strauss)	Football	handheld, 4 functions	



Atari Video Computer System—Circle No. 155 on product card



House of Games Electronic Soccer—Circle No. 156 on product card



Gakken Project Kit—Circle No. 161



MITCO Proformance Football—Circle No. 160



Fundimensions Sound Gizmo—Circle No. 157 on product card



Sony Betamax—Circle No. 158

Electronic Learning Machine from Coleco—Circle No. 159 on product card



Einstein from Castle Toy—Circle No. 162



Bambino Hand Held Color Games—Circle No. 163 on product card

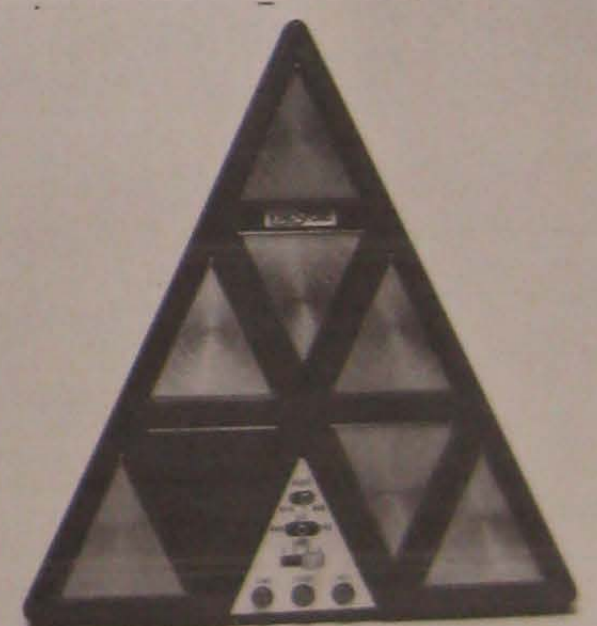
MFR.	PRODUCT	TYPE	PROMOTION
Tiger	Deluxe Football	handheld	Print August into December.
Tudor	Deluxe Football Football	handheld handheld	_____
SPORTS GAMES—BASEBALL			
AHI	Electronic Competition II Baseball	handheld	_____
Amico	Baseball	handheld	_____
Bandai	Super Baseball Miracle Baseball Baseball	handheld, 1 or 2 players handheld, LCD display handheld	_____
Coleco	Head to Head	handheld, tabletop, 1 or 2 players	National TV 3rd and 4th quarters; print 4th quarter.
Conic	Baseball	handheld, 1 person	_____
Entex	Baseball 1, 2 and 3	handheld, 1 or 2 players	Spot TV 61 markets, Sept. 29-Dec. 12; National and spot TV (with Poker and Space Invader) July 21-Sept. 6 and Sept. 29-Dec. 12.
Epoch	Digit-Com 9	tabletop	_____
Fonas	2-Player Baseball	handheld	Spot TV in 19 markets, September through October.
Mattel	Baseball	handheld, 1 player	National TV June, July, September into December; Spot TV September, November, December; Print October into December.
Maxtron	Baseball	handheld, 1 player	_____
Mego	Pulsonic II Electronic Baseball	handheld, 1 or 2 players	_____
Multitech	Pro-Quality	handheld	_____
Regency	Baseball	handheld	_____
Tiger	Baseball	handheld	Print August into December.
SPORTS GAMES—BASKETBALL			
AHI	Fast Break Competition II Basketball	handheld	_____
Bambino	Dribble Away Basketball	handheld, tabletop, 1 or 2 players	Spot TV, 4th quarter.
Bandai	Basketball	handheld	_____
Coleco	Head to Head	handheld, 1 or 2 players	National TV 3rd and 4th quarters; Print 4th quarter.
Conic	Basketball	handheld, 1 player	_____
Entex	Basketball 2	handheld, 1 or 2 players	Spot TV 61 markets, Sept. 29-Dec. 12.



Mattel Brain Baffler—Circle No. 164 on product card



Mego Fabulous Fred—Circle No. 166 on product card

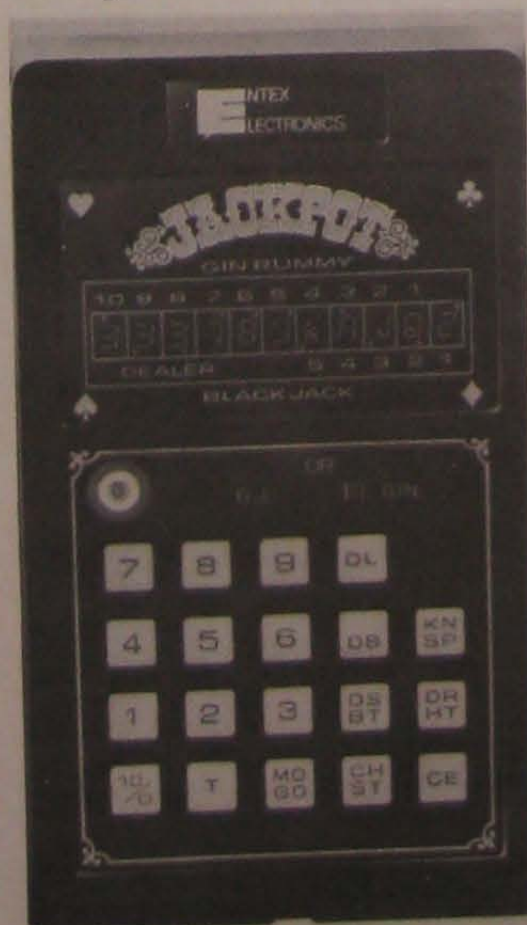


Kingsford Tri Me—Circle No. 167 on product card



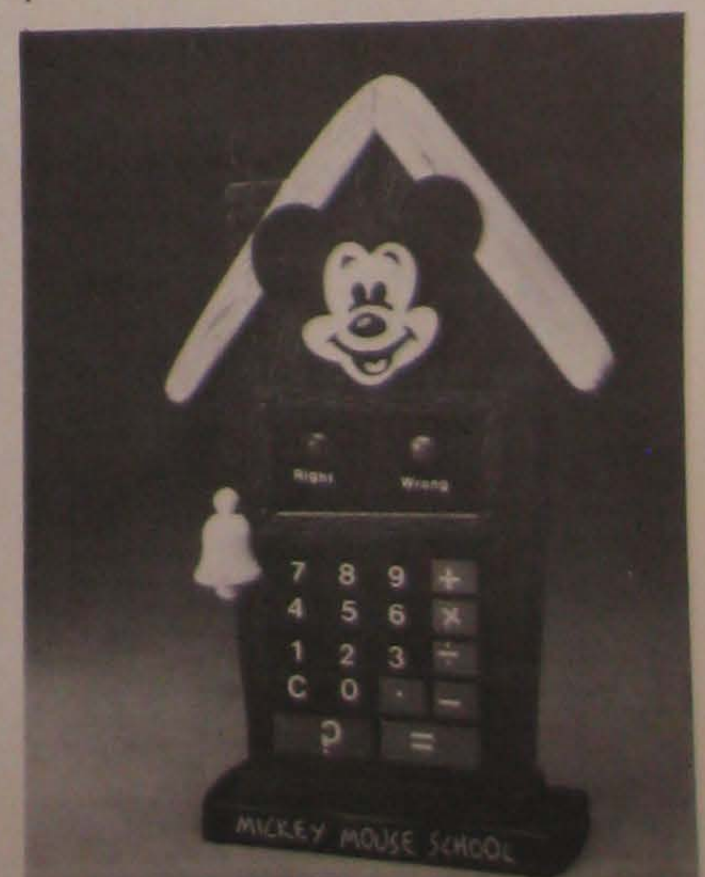
Troller Autopulse 20—Circle No. 165 on product card

Entex Jackpot Gin Rummy/
Black Jack—Circle No. 170



Bandai Space Shot—Circle No. 168 on product card

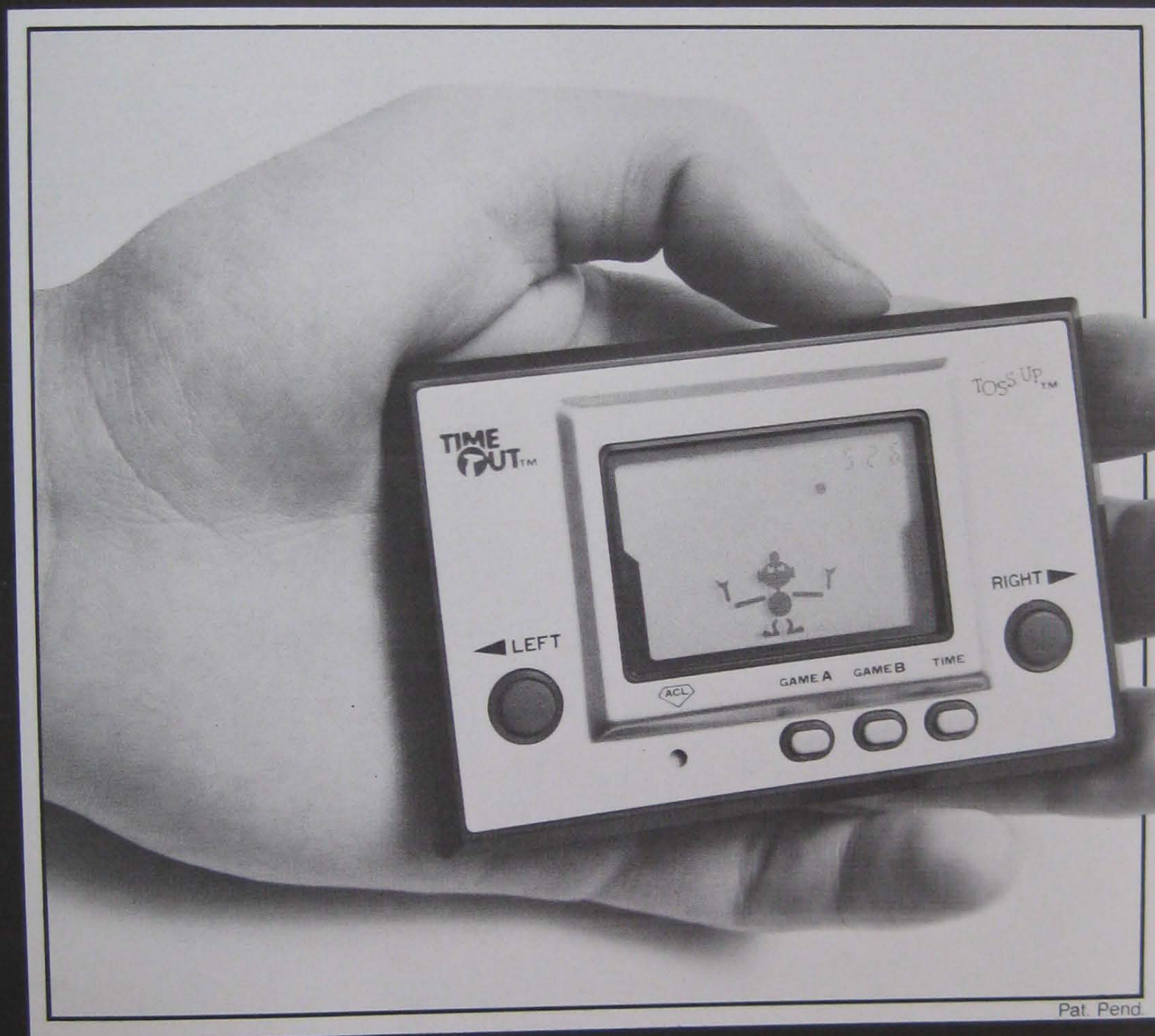
Unisonic Mickey Mouse School—Circle No. 169



MFR.	PRODUCT	TYPE	PROMOTION
Mattel	Basketball 2	handheld, 1 or 2 players	National TV November, December; Spot TV and print 4th quarter.
	Basketball	handheld, 1 player	Spot TV September, October; Print 4th quarter.
Maxtron	Basketball	handheld, 1 player	
Regency	Harlem Globetrotter	handheld, 1 player	Print August into December.
Tiger	Half Court	handheld	
Tomy	Basketball	tabletop, 1 or 2 players	
SPORTS GAMES—HOCKEY			
Bambino	Lucky Puck Ice Hockey	handheld, tabletop, 1 or 2 players	
Coleco	Head to Head	handheld, 1 or 2 players	National TV 3rd and 4th quarters; print 4th quarter.
Conic	Hockey	handheld, 1 player	
Entex	Hockey	handheld, 1 or 2 players	
House of Games	Hockey 2	handheld, 1 or 2 players	Print 4th quarter
Mattel	Hockey	handheld, 1 or 2 players	
Maxtron	Hockey	handheld, 1 player	
SPORTS GAMES—SOCCER			
Bambino	Kick the Goal Soccer	handheld, tabletop, 1 or 2 players	Spot TV 4th quarter.
Coleco	Head to Head	handheld, 1 or 2 players	National TV 3rd and 4th quarters; Print 4th quarter.
Conic	Soccer	handheld, 1 person	
Entex	Soccer	handheld, 1 or 2 players	
House of Games	Soccer 2	handheld, 1 or 2 players	
Mattel	Soccer 2	handheld, 1 player	Print 4th quarter.
	Soccer 1	handheld, 1 player	Print 4th quarter.
Maxtron	Soccer	handheld, 1 player	
SPORTS GAMES—MISC.			
Bambino	Knock-Em Out Boxing	handheld, 1 or 2 players	Spot TV 4th quarter.
Bandai	Champion Racer	handheld, 1 player	
Cadaco	Foto-Electronic Bowling	tabletop, 1 or 2 players	
Castle	Newport 500	tabletop Grand Prix racing game	
Conic	Multi-sport Auto Race	handheld, 1 person	
		handheld, 1 person	
Entex	Tennis	handheld, 1, 2 or 4 players	
Epoch	Executive Horse Race	tabletop	
Fonas	Tri-1 Football/Baseball/Soccer	handheld baseball game plus space game	
		handheld, 3 sports games in one	
House of Games	Electronic Sports Center	tabletop; baseball, football and basketball; 1 or 2 players	
Ideal	Electronic 2-Man Skeet	multiple play, 1 or 2 players	National TV and spot TV in top 10 markets, September into December.
Kenner	Redline Drag Race	handheld	National and spot TV, August into December.
Koala 'T'	Multi Sport 7	tabletop, 1 or 2 players; plays seven sports games	
Mattel	Auto Race	handheld, 1 player	Print 4th quarter.
Maxtron	Multi-Sports	handheld, 1 player (soccer, basketball, hockey)	
Parker	Bank Shot	handheld pool	TV
Regency	4-In-1	handheld (baseball, football, basketball, hockey)	
Tiger	Playmaker Raceway	handheld (hockey, soccer, basketball)	TV September into December.
		handheld	Print August into December.
Tomy	Tennis	tabletop, 1 or 2 players	National TV September into December.
	Slimline Speedway	handheld, 1 player	National TV September into December.
BATTLE GAMES			
AHI	Space Invaders		
Atari	Space Invader	handheld	
Bambino	Space Laser Fight	handheld, 1 player	TV
	UFO Master Blaster Station	handheld, 1 or 2 players	
Bandai	Space Shot	handheld, 1 player	Spot TV 4th quarter.
	Missile Invader	handheld, 1 or 2 players	
	Super Galaxy Invader	handheld	
	Torpedo Shoot	handheld	
	Space Chasers	handheld	
	Gunfighter	handheld	
Bradley	Electronic Battleship	handheld	
		tabletop	
Coleco	Star Trek Zap		National TV and spot TV in 120 markets, Oct. 1-Dec. 5.
Entex	Space Battle	handheld, 1 or 2 players	National TV 3rd and 4th quarters.
		handheld	
		handheld, 1 or 2 players	



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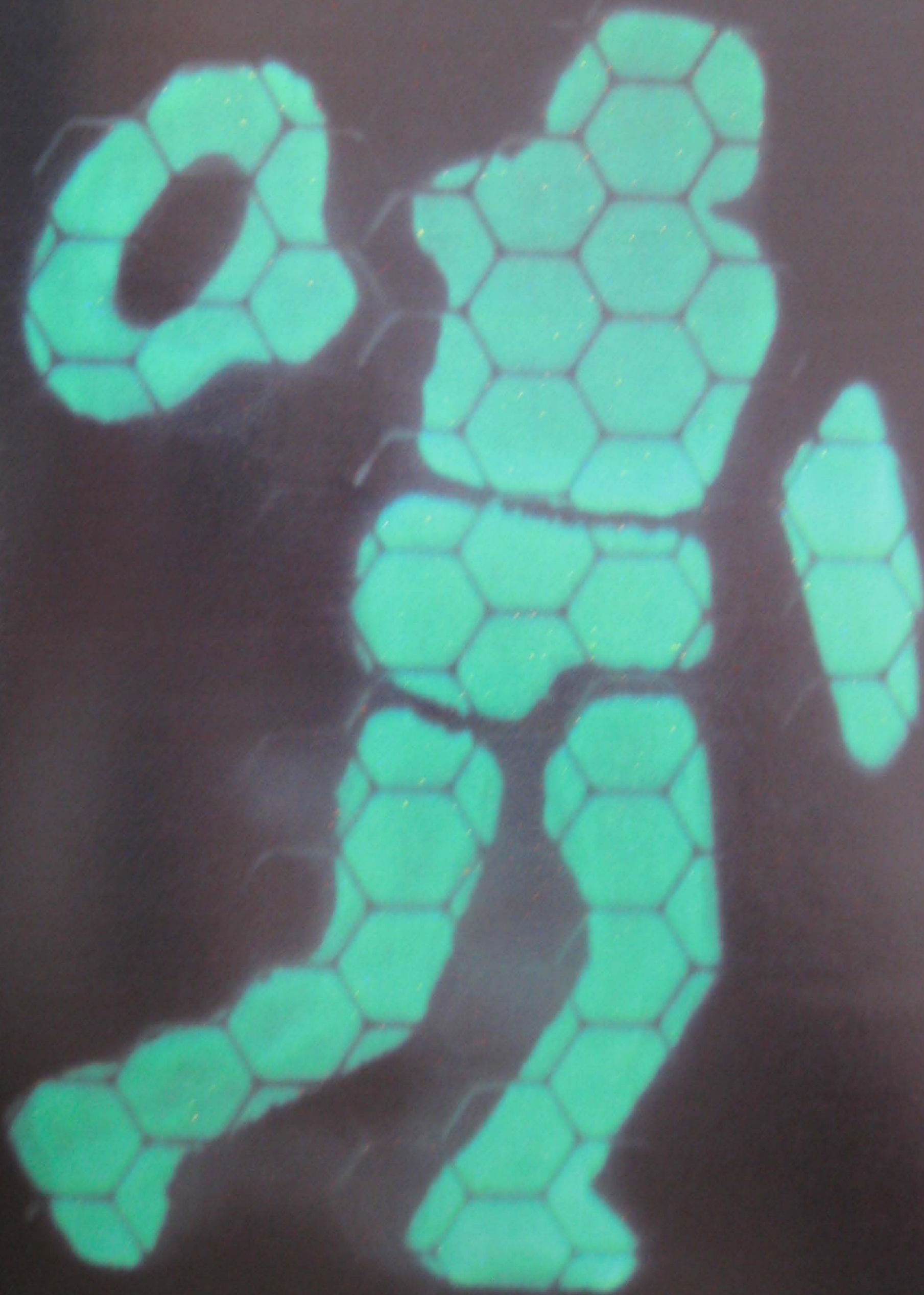


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CAN SERVE, HIT DEEP,
PLAY THE NET AND MOVE
ALL OVER THE COURT.



It's sort of unfair to compare our Tomytronic™ Tennis player to a real tennis player. After all, a real tennis player will get tired after a couple of hours of playing, while our Tomytronic™ Tennis player will keep going. Otherwise, they're very comparable. A real tennis player can serve and move from side to side in the backcourt or at the net. So can a Tomytronic™ Tennis player. The action of our new electronic game is so realistic it's almost uncanny. Not to mention being a lot of fun. This is just one example of Tomy's outstanding line

**THIS TENNIS PLAYER
CAN SERVE, HIT DEEP,
PLAY THE NET AND MOVE
ALL OVER THE COURT.**



of electronic games, all sold under the name "Tomytronic". There's Break Up, Cosmic Combat, Basketball and Tennis. There's also a new racing game that's really five games in one, and it's only 3/4" thick. So if you want to know how good the Tomy electronic game line is, and take a good long look at "Tomytronic" Tennis. A Tomytronic Tennis player can do almost anything a real tennis player can do. Except jump over the net. ©1980 Tomy Corp., 901 E. 233rd St., Carson, CA 90745.

Circle No. 29 on product card



MFR.	PRODUCT	TYPE	PROMOTION
Entex	Space Invader	handheld, 1 player	Spot TV 61 markets, Sept. 29-Dec. 12; National and spot TV (with Baseball and Poker) July 21-Sept. 6 and Sept. 29-Dec. 12.
Epoch	Invader From Space	tabletop	
Kenner	Star Wars Battle Command	tabletop	National and spot TV, August into December.
Lakeside	Intercept	tabletop	
Mattel	Flash Gordon Sub Chase Armor Battle	handheld, 1 player handheld, 1 player handheld, 1 or 2 players	
Mega	SR75	handheld space race game, 1 or 2 players	
Mego	Invasion From Space	handheld, tabletop, 15 skill levels	Spot TV.
Shinsei	Alien Avenger Gunfighter Hit Scramble	handheld handheld handheld	
Straco (F.J. Strauss)	Space Invaders and Breakout	handheld	
Tiger	Sub Wars	handheld	
Tomy	Cosmic Combat	handheld, 1 player	
FOLLOW-THE-LEADER GAMES			
Bradley	Simon	tabletop, multiple play	National and spot TV in 120 markets, Oct. 1-Dec. 5.
	Super Simon	tabletop, multiple play	Same as above.
	Pocket Simon	tabletop, multiple play	Same as above.
Castle	Einstein	handheld	National TV, June through December.
Kingsford	Tri Me Match Me Mini Match Me	tabletop tabletop handheld	
Koala 'T'	Mimic Mini Mind	tabletop or handheld handheld	Spot TV 12-17 markets, 4th quarter.
Regency	Super Touch	handheld	
Tiger	Copy Cat Ditto	handheld handheld	TV 4th quarter.
TARGET GAMES			
Ideal	Tin Can Alley	target game, 2 or more players	National TV and spot TV in top 10 markets, September into December.
Invicta	Quickfire	target game with 6 modes, 3 skill levels, 1 or more players	
Placo	Scan, Strike 'N Score	target gallery, 2 or more players	Spot TV in 7 markets, 4th quarter.
HANDHELD PINBALL GAMES			
AHI	Electronic Pinball Space Invaders II Pinball	handheld tabletop	
Amico	Pinball	handheld	
Castle	Kingpin II	tabletop	National TV, August through December.
Entex	Raise the Devil	1 player	National and spot TV (with Gin Rummy and Color Football) July 21-Sept. 6 and Sept. 29-Dec. 12.
Parker	Wildfire	1 player	TV.
Tiger	Rocket Pinball	1 player	TV September into December.
HOME PINBALL GAMES			
Brunswick	Alive		
MISCELLANEOUS GAMES			
Atari	Touch Me	handheld, multiple play	
Bambino	Safari	handheld, 1 player	Spot TV 4th quarter.
Bandai	Racetime Flighttime	handheld handheld	
Bradley	Comp IV	handheld numbers game	National TV and spot TV in 120 markets, Oct. 1 to Dec. 5.
	Milton Plus One	tabletop multiple play speech game handheld and tabletop multiple play game	Same as above.
	Microvision	handheld, multiple play game system with 8 interchangeable cartridges	Same as above.
	Omni	tabletop, multiple play game with 6 interchangeable tapes	Same as above.
Castle	Tactix Satisfaction Name That Tune	tabletop, plays four strategy games electronic board game tabletop family game	National TV, August through December. National TV, September through December. National TV, July through December.
Castle Rock	Advanced I-Quiz	handheld quiz game with sound response	
Conic	IQ	handheld, 1 person	
Educational Design	Le Game	multiple-play game	
Entex	MAC Musical Marvin	multi-game computer, 1 or 2 players multi-game, organ, recorder, 1 to 4 players	Spot TV in 61 markets, Sept 29-Dec. 12.

IN 1980, LAKESIDE IS PLAYING TO WIN!

This year, we've got 2 great new electronic games that will really shock the competition

LAKESIDE'S LE BOOM

The electronic game that will blow your mind! Realistic sounds get louder and louder while you search for clues that will help you defuse Lakeside's Le Boom before it goes boom!



STROBE

The electronic game that tests your reflexes against the speeds of light and sound. Try and keep up as Strobe speeds up the flashing and speeds up the sounds. Match Strobe's top speed and hear the victory tune.



Circle No. 9 on product card

MFR.	PRODUCT	TYPE	PROMOTION
Entex	Blast It	handheld, 1 player	
Epoch	Detective Executive Decision Maker Executive Roulette Executive Dice	tabletop tabletop tabletop tabletop	
GAF	Melody Madness	musical electronic multiple game and two-octave instrument; tabletop and handheld, 1 to 4 players	National and spot TV, prime time and children's programming beginning Oct. 1.
House of Games	Wizard Game Machine 2 Mini Game Machine	tabletop, plays 4 different games, up to 4 players tabletop, plays 5 different games handheld, plays 4 different games	National TV and spot TV in 35 markets beginning in October.
Ideal	Electronic Detective Maniac Flash	detective game, 1 to 4 players handheld, multiple play game 1-4 players multiple play, 1 to 5 players	National TV and spot TV in top 20 markets, September into December. Same as above.
Invicta	The Generals Electronic MasterMind Supersonic Electronic MasterMind	two-player strategy game handheld logic game, 1 or more players handheld logic game, 1 or more players	National TV and spot TV in top 30 markets, August into December. Same as above.
Koala 'T'	Fast On Your Feet	memory game for floor play by 1-4 persons	National syndicated TV, Fall.
Lakeside	Computer Perfection Le Boom Strobe	multiple play, tabletop multiple play, tabletop multiple play, tabletop action game	Spot TV 12-17 markets, 4th quarter.
Mattel	Brain Baffler	multiple play, tabletop	Spot TV, 4th quarter.
Maxtron	Tri-Games I.Q. Test	multiple play, tabletop action game	National and spot TV, 4th quarter.
Mego	Fabulous Fred	handheld, multiple play word and numbers games, 1 or 2 players	National and spot TV, 4th quarter.
Miner	Yacht Four	handheld	National TV 4th quarter, Spot TV November.
Parker	Split Second Merlin Stop Thief	handheld handheld	
Selchow & Righter	Sensor Lexor	tabletop unit that plays 10 different games	National and spot TV.
Shinsei	Chimps & Coconuts	multiple play, 1 to 4 players	TV.
Tarco	Wizard of Odds	multiple play	TV.
Tiger	Think Tank 2-In-1	multiple play electronic board game	TV.
Tomy	Break Up	electronic word game computer word game	National TV, 4th quarter. Same as above.
		handheld	
		handheld number strategy game	National and spot TV, 4th quarter.
		handheld	
		handheld	TV September into December.
		handheld	

Turn to Page S26



Selchow & Righter Lexor—Circle No. 171 on product card



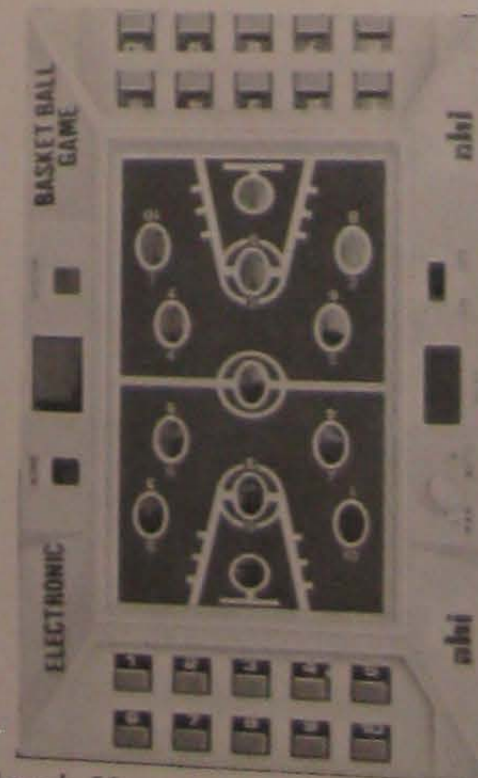
Cadaco's Foto-Electronic Bowling—Circle No. 173 on product card



Invicta's Electronic MasterMind—Circle No. 174 on product card



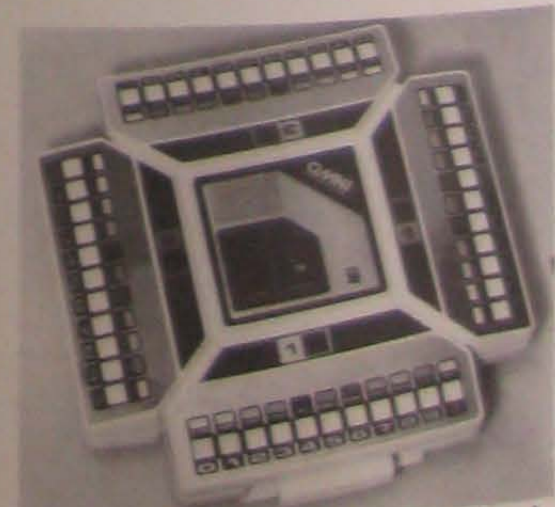
Lakeside Strobe—Circle No. 176 on product card



Azzak-Hamway Basketball—Circle No. 177 on product card



Parker Brothers Split Second—Circle No. 172 on product card



Milton Bradley Omni—Circle No. 178 on product card



Tomytronic Racing—Circle No. 175 on product card

directory of leisure time electronics manufacturers

Below is an alphabetical listing of manufacturers (with their addresses) who are identified in the leisure time product category listing that begins on Page S16.

Fonax Corporation
Box 759
Latrobe, Pa. 15650

Fundimensions
26750 23 Mile Rd.
Mt. Clemens, Mich. 48045

GAF Corporation
140 W. 51st St.
New York, N.Y. 10020

House of Games, Inc.
2633 Greenleaf Ave.
Elk Grove Village, Ill. 60007

Ideal Toy Corporation
184-10 Jamaica Ave.
Hollis, N.Y. 11423

Invicta Plastics (USA) Ltd.
200 Fifth Ave.
New York, N.Y. 10010

Kenner Products
1014 Vine St.
Cincinnati, Ohio 45202

Kingsford Ltd.
200 Fifth Ave.
New York, N.Y. 10010

Koala 'T' Toys, Inc.
3605 Woodhead Dr., Suite 110
Northbrook, Ill. 60062

Kosmos International
700 Candler Building
Atlanta, Ga. 30303

Lakeside Games
4400 W. 78th St.
Minneapolis, Minn. 55436

Continued on Page S27

Activision, Inc.
759 E. Evelyn Ave.
Sunnyvale, Calif. 94086

Amico, Inc.
3633 "I" St.
Philadelphia, Pa. 19134

APF Electronics, Inc.
444 Madison Ave.
New York, N.Y. 10022

Atari, Inc.
1265 Borregas
Sunnyvale, Calif. 94086

Azrak-Hamway International, Inc.
(Remco, Power Command)
1107 Broadway
New York, N.Y. 10010

Bambino, Inc.
2049 Century Park, E.
Los Angeles, Calif. 90067

Bandai America, Inc.
54 Metro Way
Secaucus, N.J. 07094

Milton Bradley Co.
443 Shaker Rd.
E. Longmeadow, Mass. 01028

Brunswick Corp., Consumer Division
One Brunswick Plaza
Skokie, Ill. 60077

Cadaco, Inc.
310 W. Polk St.
Chicago, Ill. 60607

Castle Rock Div. of K-Tel
11311 K-Tel Drive
Minnetonka, Minn. 55344

Castle Toy Company, Inc.
Harrison Ave.
Newport, R.I. 02840

Coleco Industries, Inc.
945 Asylum Ave.
Hartford, Conn. 06105

Conic International
305 Fifth Ave.
New York, N.Y. 10016

Daewoo International (America) Corp.
1055 W. Victoria
Compton, Calif. 90220

Educational Design, Inc.
47 W. 13th St.
New York, N.Y. 10011

Entex Industries, Inc.
303 W. Artesia Blvd.
Compton, Calif. 90220

Epoch Playthings, Inc.
230 Park Ave.
New York, N.Y. 10017

Fidelity Electronics, Ltd.
8800 N.W. 36th St.
Miami, Fla. 33778

Don't play around with second best . . .



. . . when your opponent can be

CHESS CHAMPION SUPER SYSTEM III®


the finest electronic chess game you can buy



Who says so?

Experts. World renowned chess aficionados and Grand Masters.

Chess Champion has enjoyed this pre-eminent position among European chess connoisseurs for many years because it is programmed to include more advanced chess functions than any other chess computer.



CHESS TRAVELER

FOR THE CHESS DEVOTEE

Take the Chess Traveler along with you — anywhere. This light weight, handsome, battery-operated Chess Traveler offers seven levels of play from beginner to expert, plus a unique "look-ahead" mode. The levels are changeable during the game and the computer will play against itself with you as an observer; to learn from the expert.

Available with:

- Revolutionary LCD chess board
- electronic printer
- LCD quartz clock adjustable from 1 sec. to 100 hrs.
- rechargeable power pack for ultimate portability
- memory and recall up to 10 moves.

Now, ONLY FROM TRYOM. Chess Champion Super System III is available in America for those who demand the very best.

TRYOM OFFERS A COMPLETE LINE OF INTELLIGENT, DEDICATED ELECTRONIC GAMES, COMPUTER CHESS, GOREN BRIDGE AND OMAR BACKGAMMON.

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TRYOM

23500 Mercantile Rd., Beachwood, OH 44122
(216) 464-8918

MFR.	PRODUCT	TYPE	
BACKGAMMON, CHESS, CHECKERS			
Fidelity	Sensory Voice Chess Challenger	computer chess game with voice response, sensory board	National TV 3rd and 4th quarters; print.
	Sensory Chess Challenger	computer chess game, sensory board	
	Voice Chess Challenger	computer chess game, voice response	
	Chess Challenger "10"	computer chess game, 10 skill levels	
	Chess Challenger "7"	computer chess game, 7 skill levels	
	Chess Challenger "4"	computer chess game, 4 skill levels	
	Checkers Challenger "4"	computer checkers game, 4 skill levels	
	Checkers Challenger "2"	computer checkers game, 2 skill levels	
	Backgammon Challenger	computer backgammon game	
Maxtron	Electronic Computer Chess	computer chess game	National TV June into December.
Tryom	OMAR Series I-IV	series of handheld computer backgammon games	
	Gammonmaster II	computer backgammon game	
	Electronic Chess	handheld	
	Grandmaster Traveler	computer chess game	
	Delta I	advanced computer chess game	
	Chess System III	advanced computer chess game with optional LCD display and chess printer	
CARD GAMES			
Entex	Jackpot Gin Rummy and Blackjack	handheld, 1 player	Spot TV 61 markets, Sept. 29-Dec. 12; National and spot TV (with Color Football and Pinball) July 21-Sept. 6 and Sept. 29-Dec. 12.
	Poker	handheld, 1 player	Spot TV 61 markets, Sept. 29-Dec. 12; National and spot TV (with Baseball and Space Invader) July 21-Sept. 6 and Sept. 29-Dec. 12.
Fidelity	Voice Bridge Challenger	computer bridge game, voice response	National TV 4th quarter, print.
	Bridge Challenger	computer bridge game	
	Bridge Bidder	computer bridge game	
Mattel	Computer Gin	computer gin game	Spot TV September, November; National TV 4th quarter
Tryom	Charles Goren Bridgemaster	programmable computer bridge game and other games	
Unisonic	Jimmy the Greek Blackjack	desktop and pocket-size games	
FUN LEARNING AIDS			
Coleco	Learning Machine	child's computer	National TV and print, 3rd and 4th quarters.
	Quiz Wiz	computer quiz game	Same as above.
	Lil Genius	child's calculator	
Fonas	Kiddy Computer	tabletop match machine	
Mego	2 XL	electronic robot that plays 8-track tapes	Spot TV.
National Semiconductor	Quiz Kid	handheld, 1 person	Spot TV 25 markets, Nov. 16-Dec. 20.
	Quiz Kid Speller	handheld, 1 person	Same as above.
Texas Instruments	Speak & Spell	child's spelling aid	
	Spelling B	child's word learning aid	
	First Watch	child's aid for learning time	
	Mr. Challenger	letter and word game	
Unisonic	Mickey Mouse Fun and Numbers	children's learning aid	
	Schoolhouse	children's learning aid	
	Mickey Mouse Fun and Numbers	children's learning aid	
	Flying Saucer		
VIDEO GAMES			
Activision	Boxing, Drag Race, Checkers, Fishing Derby	cartridges for Atari's Video Computer System	
APF	MP 1000	video game system	
Atari	Video Computer System	programmable video game system	
Coleco	Telstar Colortroid	video game, 1 or 2 players	
	Telstar Marksman	video game, 1 or 2 players	
Magnavox	Odyssey	video game with 27 games cartridges, 1 to 4 players	National TV November into December.
Mego	Time-out	palm-sized video game featuring built-in continuous-running quartz clock; four units available	National and spot TV.
HOME VIDEO SYSTEMS, PERSONAL COMPUTERS			
APF	Imagination Machine	microcomputer utilizing game cartridges and cassette programs; unit features 53-key typewriter keyboard	Fall TV.
Atari	800	personal computer	
	400	personal computer	
Mattel	Intellivision	master component utilizing game and learning cartridges; keyboard component using programmed cassettes; 20 cartridges; 8 cassettes	National and spot TV and print campaigns in the fall.
MISCELLANEOUS ITEMS			
Coleco	Zodiac	astrology computer	
Kosmos	Kosmos 1, 2, Mini-Bio, Sports Biorhythm	biorhythm computers	

Directory of manufacturers

Continued from Page S25
Magnavox Consumer Electronics Co.
 1700 Magnavox Way
 Ft. Wayne, Ind. 46804

Management Investment & Technology Co., Ltd. (MITCO)
 1107 Broadway, Room 1204
 New York, N.Y. 10010

Mattel Electronics
 5150 Rosecrans Ave.
 Hawthorne, Calif. 90250

Maxtron
 7807A Telegraph Rd.
 Montebello, Calif. 90640

Mega Instrument Ltd.
 104 King Lam St., 7th Floor
 Sha Wan
 Kowloon, Hong Kong

Mego Corporation
 41 Madison Ave.
 New York, N.Y. 10010

Miner Industries, Inc.
 200 Fifth Ave.
 New York, N.Y. 10010

Multitech Intl. (Far East) Ltd.
 Grand Building
 Hong Kong

National Semiconductor Corp.
 2900 Semiconductor Drive
 Santa Clara, Calif. 95051

Parker Brothers
 50 Dunham Road
 Beverly, Mass. 01915

Bradley expands electronic output

SPRINGFIELD, Mass.—Milton Bradley Company is expanding its operations in East Longmeadow, Mass., in order to handle "increasing consumer demand" for its electronic games and toys.

The company is building an office, manufacturing and warehouse facility on a 38-acre tract adjacent to its main manufacturing plant. Scheduled to be fully operational by July, the \$4.8 million facility will be used for assembly and final packing of electronic games and toys, and as a warehouse for receiving and holding raw materials needed for electronic assembly operations.

Some 500 people will be employed in the new building, "a substantial portion of whom will be new personnel," says James J. Shea, Jr., Bradley's president and chairman.

Bradley has also leased 22,000 square feet of an existing five-story plant in Fall River, Mass. to support demand for its electronic games and toys. There, some 225 persons from the Fall River community are being employed to assemble electronic modules.

Placo Products Company
 P.O. Box 3456
 Torrance, Calif. 90510

Regency Electronics (HK) Ltd.
 350 Fifth Ave., Suite 3112
 New York, N.Y. 10001

Schaper Mfg. Co., Inc.
 9909 S. Shore Blvd.
 Minneapolis, Minn. 55391

Selchow & Righter
 2215 Union Boulevard
 Bay Shore, N.Y. 11706

Shinsei
 12951 166th St.
 Cerritos, Calif. 90701

F.J. Strauss Co., Inc.
 1107 Broadway
 New York, N.Y. 10010

Tarco, Inc.
 2762 N. Clybourn
 Chicago, Ill. 60614

Texas Instruments, Inc.
 P.O. Box 225102
 Dallas, Tex. 75265

Tiger Electronic Toys, Inc.
 909 E. Orchard
 Mundelein, Ill. 60060

Tomy Corporation
 901 E. 233rd St.
 Carson, Calif. 90745

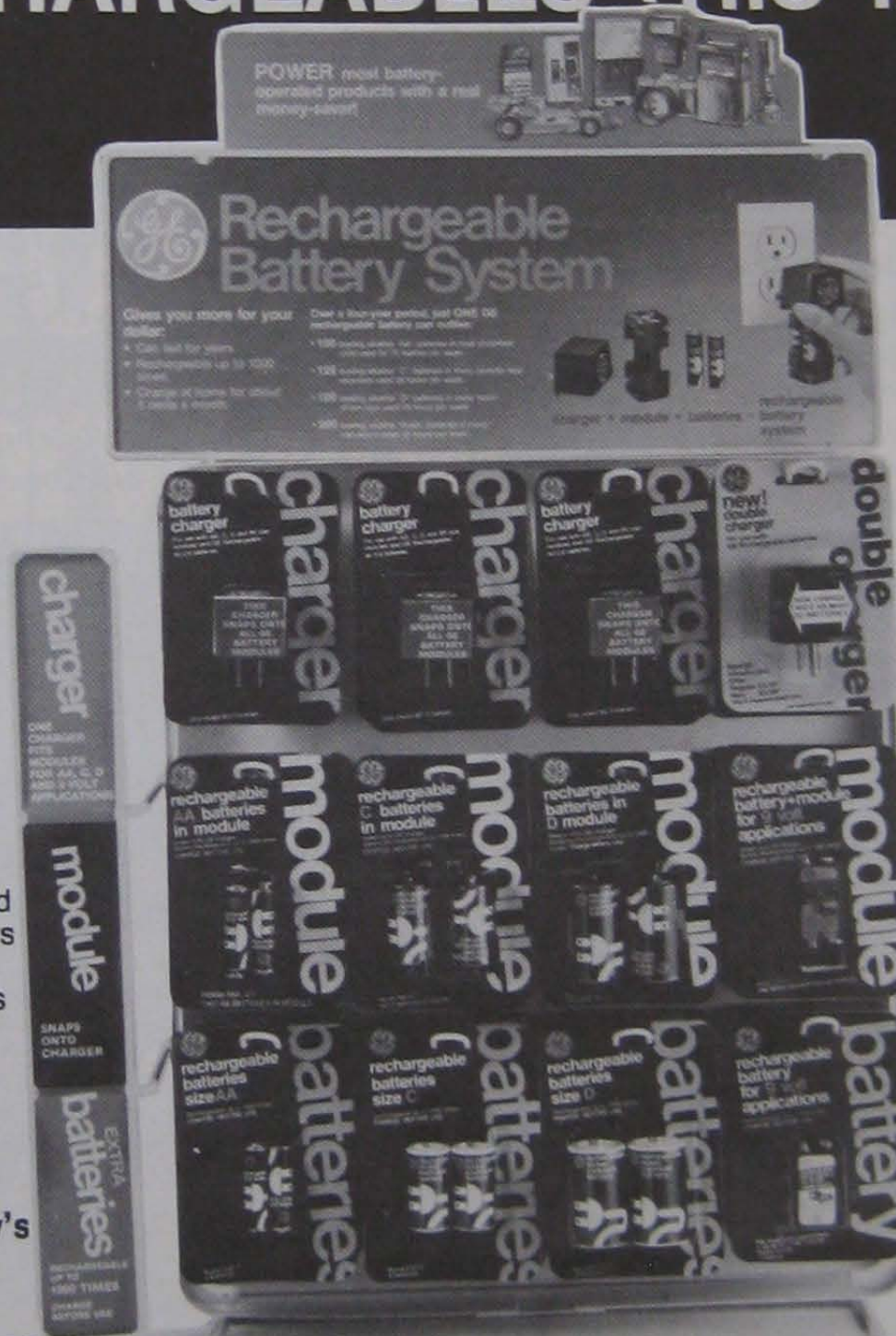
Tryom, Inc.
 23500 Mercantile Rd.
 Beachwood, Ohio 44122

Troller Corp.
 4445 N. Ravenswood Ave.
 Chicago, Ill. 60640

Tudor Games, Inc.
 176 Johnson St.
 Brooklyn, N.Y. 11201

Unisonic Products Corp.
 1115 Broadway
 New York, N.Y. 10010

FOUR REASONS CONSUMERS WILL BE ASKING FOR GE RECHARGEABLES THIS YEAR . . .



GE Rechargeables are designed with today's electronic battery-operated products in mind. Retailers will hear a lot of requests for GE Rechargeables this year and here are four good reasons why.

...1. GE Rechargeables can last for years. They're the "in" power source for today's sophisticated toys, games and hobbies.

In addition to providing top performance, GE Rechargeables can power many battery-operated products for years, not just days or weeks. They can be recharged up to 1,000 times, and they save money because they don't have to be thrown away. In addition, charging costs are only about 5 cents a month.

...2. Many leading manufacturers of battery-operated products soon will be enclosing "\$2 GE Rechargeable Rebate Coupons" in their products.



When consumers buy nationally advertised products containing the coupon, they simply purchase a charger, complete the coupon, send it back to GE, and we forward them their \$2 rebate in the mail.

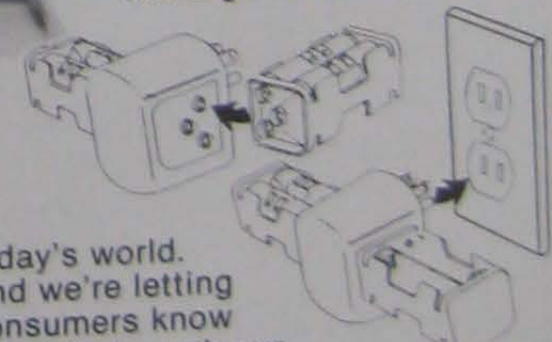
...3. Consumers will be looking for battery-operated products that display this sticker — it means continued savings to them after they buy the GE Rechargeable Battery System.

National ads will be announcing this rebate program in leading consumer magazines in the fall and winter of 1980. Consumers will be looking for the specially marked packages offering the GE \$2 Rebate.



...4. GE's new "Double Charger" meets growing consumer needs for charging greater numbers of batteries more quickly.

The new "Double Charger" charges more batteries faster than previous GE chargers. It's a low-cost charger that even charges two different size batteries at once. GE Rechargeables make good sense in



today's world. And we're letting consumers know about it through our special \$2 Rebate Program and through national advertising. Be ready to give your customers what they'll be requesting — GE Rechargeables. Stock up now! Consult your GE sales representative or contact GE today: General Electric, Battery Business Department, P.O. Box 992, Gainesville, FL 32602 (904) 462-3911

We bring good things to life.
GENERAL ELECTRIC

Computerized chess, backgammon to sell at more popular prices

Computerized chess and backgammon sets, which enjoy a dedicated following, will be sold at more popular price points and in a wider range of retail outlets this year.

There are two types of electronic games, "dexterity" games and "intelligent" games, maintains David Rogers, vice-president/marketing and sales for Tryom, Inc. "The 'dexterity' games are primarily aimed at the younger child. 'Intelligent' games, like computerized backgammon and chess, build on the player's intelligence and ingenuity and appeal to a wider age group."

Tryom has successfully sold computerized backgammon sets retailing above \$100. This year the firm has miniaturized some of its backgammon sets to a handheld size, thereby lowering price points to about \$30.

The firm is also introducing a group of computerized chess games whose prices run the gamut from the high end to a lower-priced handheld item.

Such games represent a long-term investment for the consumer, Rogers holds. "Backgammon and chess not only provide an enjoyment factor, but help develop new skills in playing each game. That's what takes us out of



Tryom's portable Chess Traveler (Circle No. 179 on product card).

the novelty area. The computer provides good competition for the person who cannot find another player to play with," he points out.

HIGH DOLLAR VOLUME

Rogers reports that dollar volume growth in this electronic game area has been comparable to that in handheld games, because of the higher price points involved. "This is a sizable business, and it's not a seasonal item," he says. "There's a more extended selling life period. People don't necessarily buy chess as a Christmas present, and many persons buy a lot of the games for themselves."

Tryom's games have been sold previously in department store electronics departments and

game stores and through catalog operations. The firm is now entering toy industry distribution with its enlarged line.

In the adult game market, 50 percent markup is "customary," notes Rogers. "In the toy industry, it's considered good when you can obtain 40 percent markup on a handheld electronic game, and that's what you can make with chess and backgammon."

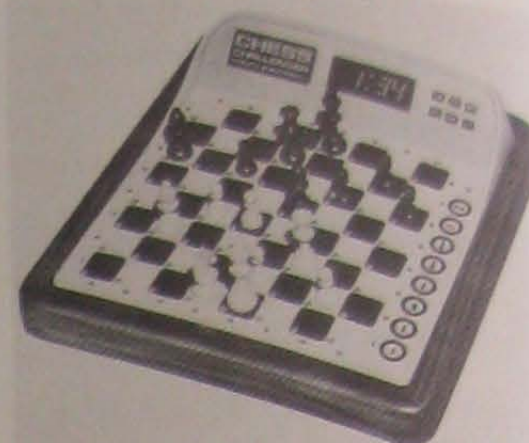
"You don't get the kind of price-cutting in the 'intelligent' game category that you do in the 'dexterity' category," Rogers adds. "There are fewer manufacturers, and the retailer can make bigger grosses. That is a definite plus."

The market for electronic computer chess games is extremely diverse, but "more male-dominated," reports Peter Nasca of Fidelity Electronics. "Consumers have tremendous loyalty—not to the machine, but to chess."

MORE ADULT PURCHASERS

Higher price points put these items outside the realm of a toy, says Nasca. "The majority of purchasers fall in the 18-45 age group."

Fidelity is also expanding its distribution this year from de-



Fidelity's Sensory Voice Chess Challenger (Circle No. 180).

partment stores and specialty stores into the larger toy chains. The firm's items retail from \$65 for a computer checkers game to \$350 for a new voice-sensory chess game that incorporates a voice synthesizer.

Fidelity sold \$2.5 million worth of its computer chess games in 1977, its first year in the business, and is looking for \$100 million worth of sales this year.

"This is not a novelty item," emphasizes Nasca. "The consumer is aware of the higher price points, but because of his love of the game he is willing to make a long-term commitment."

Nasca says there is some impulse buying, but notes that sales are consistent, "with a heavy skew to the third and fourth quarters."

MFR.	PRODUCT	TYPE	PROMOTION
	Bio-Clock	desktop biorhythm computer	
	Astro	astrological computer	
Mattel	Horoscope Computer	astrological computer	
	Horse Race Analyzer	racing form computer	Print September into December.
Troller	Autopulse	automatic computer	
		phone dialer	
PROGRAMMABLE VEHICLES			
Bradley	Big Trak	computer tank	National TV and spot TV in 120 markets, Oct. 1-Dec. 5.
Entex	Chuck Truck	programmable, radio control voice command truck	Spot TV in 61 markets, Sept. 29-Dec. 12.
Fundimensions	Brain Z	programmable sports car	Spot TV in top 20 markets, Oct. 27-Nov. 9 and Nov. 24-Dec. 7.
R/C VEHICLES			
AHI/Remco	Fat Wheels	r/c vehicle	National and spot TV October through December.
AHI/Power Command	Turbo	r/c vehicle	
	Firebird Coast Guard Cutter	r/c boat	
	Fang 4-wheel drive	r/c vehicle	
	Electro Commander	r/c plane	
	Spider-Man car	r/c vehicle	
(The firm also offers a broad range of other r/c vehicles.)			
Amico	Corvette	r/c car	
	Porsche	r/c car with sound	
	Cruiser	r/c boat	
	18 wheeler	full-function r/c truck	
Daewoo	Ferrari 512M	1/24 scale, 3-function car	
	Mazda RX7	1/20 scale, 3-function car	
	Competition RX 7	1/20 scale, 4-function car with LED lights	
Entex	Dan Van	r/c word recognition van	
	Motorcycle	r/c motorcycle	Spot TV in 61 markets, Sept. 29-Dec. 12.
Schaper	XRC	r/c motorcycle	Same as above.
Shinsei	Auto Carrier	r/c Peterbilt	Spot TV in top 20 markets, October into December.
	Lancia Stratos	r/c vehicle	
	Lamborghini countach	r/c vehicle	
	De Tomaso Pantera Gts	r/c vehicle	
	Fire Fox	r/c racer	

Montgomery Ward mounts new electronic game sections

CHICAGO—Some 100 to 125 Montgomery Ward retail stores are in the process of mounting floor-to-ceiling, self-contained electronic game sections in their toy departments.

Geared toward peak season selling, the 600-square-foot sections will feature secured demonstrator models, will be staffed with a salesperson-demonstrator, and will hold all of the department's electronic game inventory.

Several video games will also be demonstrated in the area, but consumers interested in buying them will be directed to the sporting goods department, where video games are being stocked.

The merchandising move represents an expansion of a highly successful test program run by Ward's last year, reports Marv Williams, the chain's national

SKUs to its electronic game merchandise mix, even though the number of electronic games shown by manufacturers this year has tripled. Last year's experience showed that consumers overwhelmingly preferred the branded, heavily advertised items, notes Williams.

SUPPORT FOR 'MAJORS'

"We've based our buying decisions on popularity, the amount of advertising the manufacturer will do on TV and the unique-

ness of the item," he says. "We will carry items only from the major manufacturers. While some of the secondary items may be of high quality, we don't think consumers will be attracted to them in great numbers."

Ward's has allocated more money to the toy department, to cover its planned expenditures on electronic games without reducing its commitment to other toy categories. Williams finds that electronic games did not impact on other toy items in 1979, al-

though it may have taken away some business from the sporting goods department.

SEES FEWER UNIT SALES

With electronics expanding into other toy categories than games this year, he sees the probability of fewer unit sales, at higher price points. "Staple toy goods will still sell, though," he comments, "although not in the multiples we've seen in the past."

The extremely high cost of
Continued on Page S30



Marv Williams, Ward's national merchandise manager/toys.

merchandise manager/toys. The "hyper-mache" sections have been designated for stores of 100,000 square feet or more, located in major metropolitan areas. Williams expects that by 1982 some 200 of the chain's retail stores will be participating in the program.

The hyper-mache format extends the toy department's regular 4-foot bay to the ceiling, using plywood or other means. After the Christmas selling season, the larger sections will be dismantled, but a 4-foot, secured area will remain to continue carrying "basic" electronic game merchandise.

In 1979, Ward's experienced a "complete sellout" of the 25 SKUs of electronic games it carried, says Williams. He notes that the chain was on allocation from its suppliers, and placed merchandise on the floor as soon as it arrived. Williams expects a similar situation to exist this year.

"I think the problem of inadequate chip supply will remain for another two or three years," he comments.

Ward's has added only five

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Games People Play opens in Houston

New game specialty chain to feature 400 electronic SKUs

HOUSTON—Some 400 electronics SKUs will be featured in each outlet of Games People Play, a new chain of "complete game" specialty stores being launched in Texas.

The first of the 1,500 square-foot mall stores was scheduled to open in late May in the Houston area, with two other outlets planned for later this year. "Eventually we hope to open in every shopping center in Texas—we plan to be the Radio Shack of the game business," declares Joe Frank, president and founder of the chain.

Noting that games account for 25 percent of consumer dollars spent in the leisure recreational category, Frank sees a major hole in the marketplace for service-oriented game specialty stores and aims to help fill it.

Frank has many years of experience in a similar retailing area, having founded Playhouse Toy Stores, a 16-unit chain of toy specialty stores, some 40 years ago.

'CASINO-LIKE' ATMOSPHERE

Games People Play outlets will be designed to draw consumers into the stores to play and learn about the entire range of games being stocked, says Frank. "There will be a casino, come-play-with-me atmosphere. Each game will be fully visible and hand-playable, often with our specialty trained salespeople."

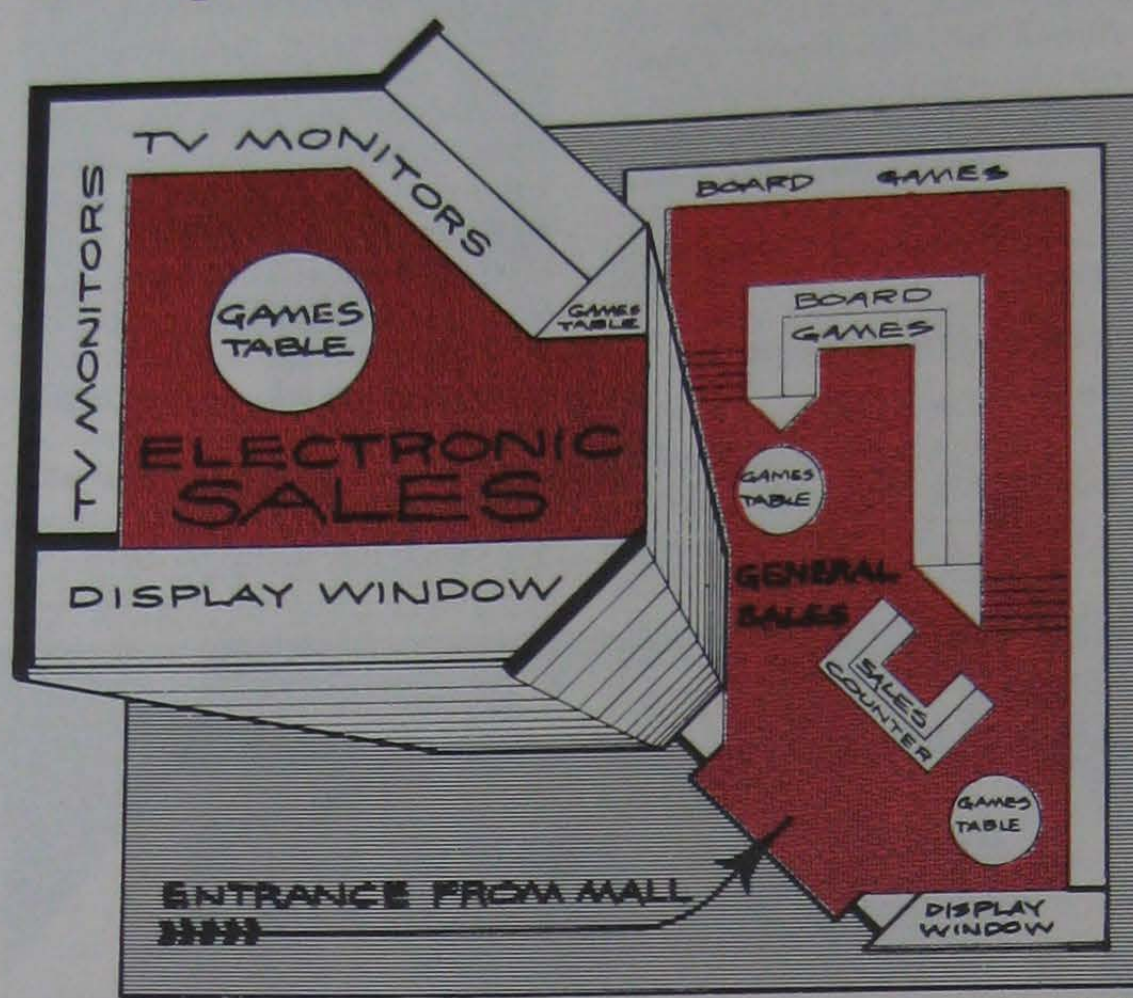
"We will provide the lure of the arcades. Consumers will feel that they will have to come in and play a game, and we'll want them to, so we can tell them about what we have."

Frank says his stores will carry electronics ranging from handheld games, learning aids and small calculators up to a selection of personal computers retailing for \$400. "We will not discount," he states. "We're not going to be high in our prices, but we're not going to be cheap. We're selling a service, not just an electronic item."

TRAINS STORE PERSONNEL

Personalized service is vitally important in familiarizing consumers with today's extremely sophisticated games, Frank believes. As a result, he has set up a detailed, semi-technical training program for his future store personnel.

"We're training people who like games and computers, and also enjoy the challenge of being able to demonstrate," he reports. "We're instructing them on what are the component parts; what they do; how you play the game and what you are trying to



This depiction of the Games People Play basic floor plan highlights the electronic games section, featuring TV monitors and games tables.

achieve in playing it. We feel our people will be able to answer most questions they will be asked by our customers."

Electronic games will be displayed in a special area at the front, highlighted by electronic lettered signs above the demonstrator models.

Another area of the store will include game-playing tables, on which customers can play and try out some of the new non-electronic strategy games. The stores will also carry in-depth selections of board games for children and adults.

A constant series of promotional events will call attention to

the store and its specialized inventory. For the opening of the first unit, a "consumer electronics show" was scheduled on the outside mall. There, representatives from major game manufacturers set up displays of their items and conducted consumer seminars on how the games are played.

PLANS MONTHLY PROMOS

Games People Play also plans to run a different promotional event each month, sponsored by top game manufacturers. Among them will be contests featuring Monopoly, Othello, SPI war games, TSR Dungeons & Dragons, MasterMind, bridge, crib-

bage, chess, backgammon and other games. These contests will be designed to bring "anywhere from 1,000 to 5,000 people to the mall for each event," says Frank.

Students on college campuses, who enjoy playing strategy games, will be solicited by direct mail. A number of new electronic game promotions are also planned.

Frank says that the format of his new stores was devised after he personally surveyed, in a six-month tour, how electronic games are being sold across the country. "We concluded that personal service is an absolutely essential element," he states. "We intend to be very skilled and sophisticated in our merchandising. The demand for electronic games is apparently insatiable, and we feel we are going to be prepared with both product and expertise."

New Unisonic division to make learning aids

NEW YORK—Unisonic Products Corporation, a leading producer of electronic calculators, has formed a new division to specialize in the sales of electronic learning aids and games.

The company says it plans a line of 12 different items, each featuring "different cosmetics, price points and functions."

The company has obtained a license from Walt Disney Productions to use Disney characters in its learning aids. Two initial items will be premiered at the June CES.

Unisonic plans other activities and other licensed characters for the line.

Wards mounts electronic game areas in over 100 stores

Continued from Page S29

money, and the effect a highly appealing product area like electronic games can have on other merchandise categories, must be taken into account in making buying decisions, comments Williams. "You must select very carefully, and keep your SKUs low, because your selling prices are now higher."

The longer lead times needed to produce sophisticated electronic games is causing Ward's to pay more attention to manufacturers' delivery capability. "We're doing this to protect our customers," says Williams. "Delivery performance is especially important in our catalog business, because we want to have all the products we list available for our customers."

"In ordering, we used to bet a little bit more on the come a few years back," he adds. "Now, if we

see a product in February that looks as though it will be shipped in September or October, we most likely will not buy it."

WORKS WITH PRODUCERS

Increasingly sophisticated product has brought many engineers into the toy industry, Williams points out. As a result, he believes manufacturers "can give us a realistic fix on expected delivery dates. All of them are very honest about it. Every manufacturer we use has given us plenty of time to do something about an item we are considering listing in the catalog. If they know they're going to be shipping later than anticipated, they'll strongly recommend that we carry the item only at retail, and not in the catalog."

Electronic games require much more extensive use of point-of-purchase materials than do other

items, Williams notes. "As products get more sophisticated, you've got to explain how something functions. A number of the electronic games are difficult to sell, if you don't have instructions at the point-of-purchase."

Ward's new display areas will feature 5-inch-by-7-inch cards explaining the functions of each game, and how they are carried out. All the games will be security-locked with a tether device, but will be functional, to be played by the consumer or demonstrated.

USES SOME JOBBERS

The chain expects to use jobbers early in the year, "when necessary," and late in the fall, "only at such time when it is impossible to get the merchandise from the factory." This policy is followed in order to stay in a competitive pricing position, Williams explains.

Uses 'buzz words' to test retailer

Home computer buyer seeks good results, minimal effort

By TIMOTHY HUBER
Vice-President/Marketing
Mattel Electronics

An aura of wizardry surrounds the computer, at least in the eyes of the general public. Geniuses created them. Geniuses make them work...and now we are trying to sell them to John Doe for use in his home! The question is, does it take a genius to sell one?

There are three kinds of home computer customers. Only one of them has the trappings of what we might call a genius. This consumer is the hobbyist. He may also

good cameras, fine stereo components, and the latest in color television sets.

Typically, he has been enjoying electronic games for some time. They have caught his fancy and given him a basic knowledge of what electronic devices and appliances can do for him. Yet, he has two requirements of the things he buys—he wants them hassle-free and easy to operate.

The personal home computer

consumer can be compared to the consumer of fine cameras. In the camera industry, the advent of the automatic single lens reflex opened up the potential market, significantly increasing annual sales by five and six-fold. This development underlined the fact that consumers are interested in the end product—a beautiful photograph—and the ability to shoot it with ease. He wants good results, with no worry and a mini-

mum amount of effort.

This same attitude prevails in the decision to purchase a home computer—the promise of good results with the expenditure of little effort. RAM and ROM, OHMS, memory and silicon chips mean nothing to him. Bytes leave him cold and the concept of computer languages sends him running for the door.

He is, however, a careful buyer.
Continued on Page S32



Timothy Huber

be an engineer or physicist by trade. He has been the target of the personal home computer industry since its beginnings in 1975.

This consumer knows it all. He either knows computer languages or wants to learn them. And he wants to do his own programming.

Intimidating as he may seem, he represents an insignificant percentage of the potential sales.

A second kind of user is the small businessman, who is looking for a system that is reasonably elaborate and requires custom software programmed by himself or the retailer. He will want answers to questions about program-mability, capabilities, storage, customization, operation, package costs, etc. In addition, this consumer will most likely make his purchase at one of the many free-standing "computer boutiques" springing up across the country rather than through chain department stores or the mass merchant.

DRAWN BY 'SEX APPEAL'

A third kind of consumer has a different set of needs. He has money to spend and is thrilled with the idea of being an innovative front-runner. In marketing terms, he is called the "leader" who is relied on by retailers to buy new products and introduce them to his friends. For him, these offer a certain "sex appeal." He likes

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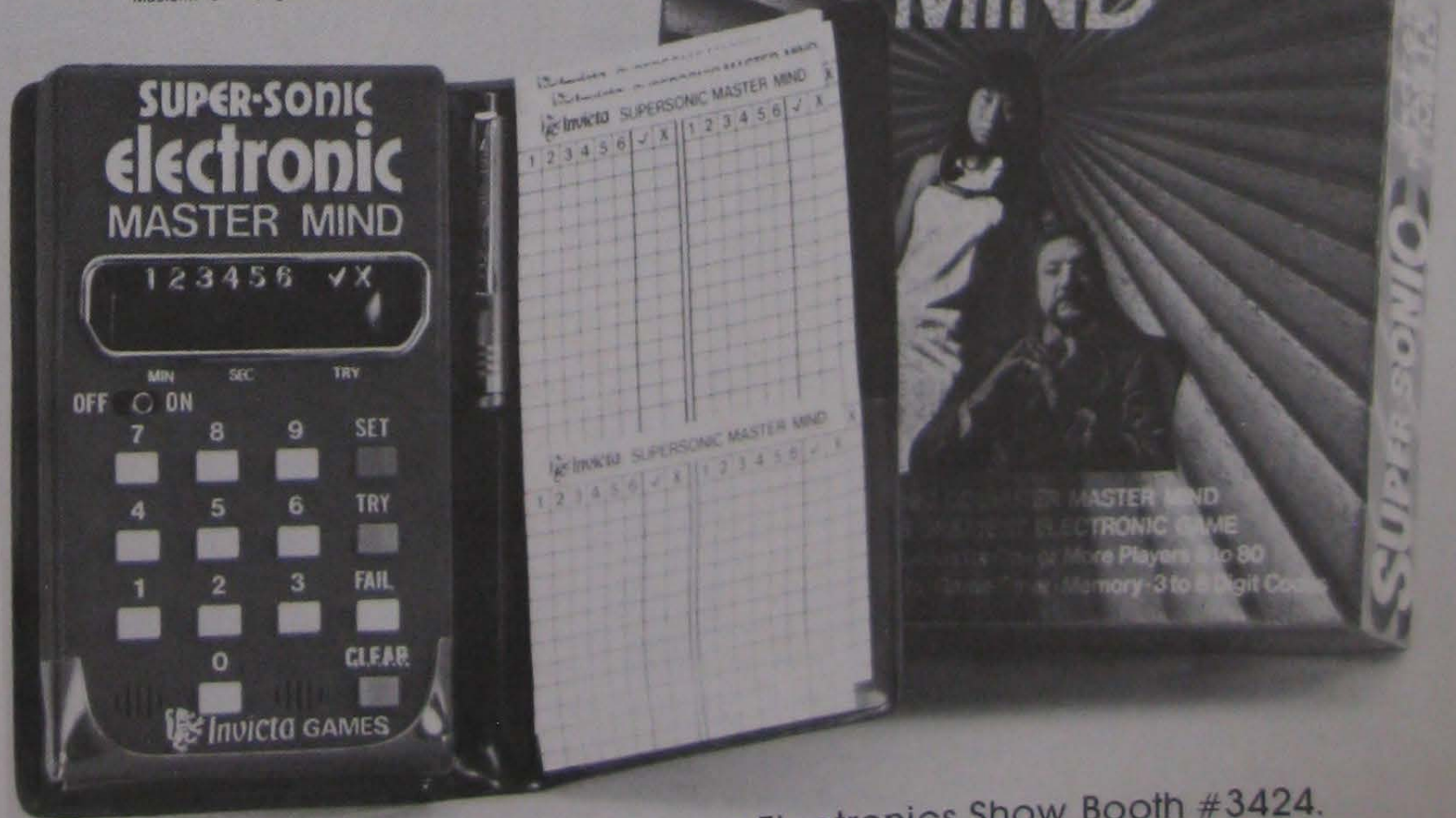
The ultimate game of cunning and logic—a perfect sales companion to the original Electronic Mastermind. It's strategy gamesmanship taken to the furthest degree of technology and challenge. The principle: break the secret code stored in the computer. The experience: supersonic! Supersonic Electronic Mastermind has all these new features:

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Come see us at the Consumer Electronics Show, Booth #3424.

Circle No. 13 on product card

Home computer customer is selective, yet needs some educating

Continued from Page S31

er, and very well educated in those areas that matter to him—and RAM and ROM memory systems do not matter. OHMS matter only in that they are a term with a number attached. He learns that ten OHMS are better than six, yet does not know nor care why. The term is a comfortable measuring rod in a strange land, and is serviceable without requiring further knowledge on the part of the retail customer.

Typically, this personal home computer consumer will come into the store, ask about the system, use the demonstrator models and take some literature home for study. He will also read an article or two, collecting information about the system's capabilities, degree of difficulty to operate, reliability and what gives him the best deal for his dollar. When he

is convinced the system will work for him with little effort and no anxiety, he will most likely buy it.

The tough question is, how do you give this consumer the information he needs and wants without sending him away swamped in a morass of technical and intimidating information? Sales executives know you cannot sell a product until you can know it, breathe it and feel it. But in the area of personal home computers, too much knowledge can be a problem; it can actually drive the potential customer away.

KNOWS BUZZ WORDS

There is so much talk about computer systems these days, that some knowledge of computer "buzz" words is fairly common, especially with people toying with the idea of buying their own computers. We are told by some

of our retail buyers that a kind of testing takes place between the customer and the sales associate. The customer wants to hear terms such as "10 OHMS" or the "16 bit microprocessor." It confirms that the sales person is informed. But the minute the talk gets really technical, the consumer retreats.

OFFERS TRAINING

To provide background to retail sales forces, Mattel offers an 18-hour training course for those to be involved with our Intellivision home video system.

The introduction of the home computer may seem right out of science fiction, but it's here, now. Education on the tremendous potential of this development is necessary—to the buyer, the sales force and the consumer. Our active efforts begin with the buyer. If we have not sold him, we have

not sold anyone.

We have prepared enough information to educate the buyer from the ground up, yet the buyers we talk to say they do a great deal of research on their own. There is such an abundance of information available through trade magazines and the Consumer Electronics Shows, that they claim it is just a matter of responding to the information that comes their way.

END PERFORMANCE COUNTS

Even buyers do not require extensive technical information. They find the buzz words useful because they form a basis for comparisons. But the real comparisons that matter come down to what the unit will do for the consumer, how simple it is to operate, and how good a value it is for the money.

Basic glossary of terms used in computer technology

Below is a basic glossary of terms used in computer technology.

BASIC: one of the simplest computer languages. Popular with computer hobbyists and used on most small systems. (Other computer languages are used for different applications.) Basic combines math symbols with some English words.

BIT: similar to part of a letter, it registers plus or minus on a switch. The order in which these plusses and minuses are arranged determines what the message will be.

BYTE: space used to store one piece of information in a memory section. That piece of information can be a number, a letter, or any command, depending on the program. A byte is usually four or eight bits long.

CATHODE RAY TUBE (CRT): basically a television screen.

CENTRAL PROCESSING UNIT (CPU): all the circuitry that runs the rest of the computer.

CHIP: a small piece of semiconductor matter cut from a wafer that has one or more components (semiconductors) formed on its surface.

COMPLIMENTARY METAL OXIDE SEMICONDUCTOR (CMOS): a semiconductor component such as an integrated circuit (IC) or a large scale integrated circuit (LSI).

FLUORESCENT DISPLAY (FLD): a mini television tube that is printed with fluorescent images which glow when energized by electricity.

HARDWARE: computer equipment; i.e. CRTs CPUs.

K: 1024 bytes of memory. In home computers usual capacity is 4K.

LARGE SCALE INTEGRATED CIRCUIT (LSI): several large circuit boards reduced to the size of a pinhead and bonded in a sandwich of insulation material such as ceramic or plastic.

LIGHT EMITTING DIODE (LED): a type of diode that emits light when current is allowed to pass through. A diode is a solid state component that is like a revolving door, in that the electric current can only pass through in one direction. A digital display consists of several LEDs, often bonded onto a gold-plated LED board. The light shines through various slots. A simple display has seven segments. When all are lit, the number eight is visible. Zero is six segments, one is two segments. Alphabetic displays require more seg-

ments than numeric.

LIQUID CRYSTAL DIODE (LCD): a successor to the LED, it is a photo sensitive crystal that is polarized.

MICROPROCESSOR: a small (micro) computer stored inside an LSI. Its size is usually rated by how many bytes of storage it can retain, i.e. 1K, 2K, 4K, part ROM, part RAM.

PRINTED CIRCUIT BOARD (PCB): a very important component in electronics. Most components are mounted in the PCB. It basically eliminates the need for wires and connectors. Parts are placed in holes on a board and connected—usually by wave soldering. The board is first coated with metal (usually copper) and the unwanted copper is then etched away leaving a circuit.

PROGRAM: a list of operations for the computer written in a computer language.

PROGRAMMING LANGUAGE: a written code that is used by the operator to get information into the computer and to tell it what to do. Its responses are in that same code, i.e. Basic.

RANDOM ACCESS MEMORY (RAM): that section of the computer or peripheral that stores information temporarily.

READ ONLY MEMORY (ROM): part of the central processing unit, it offers built-in information the machine needs to operate.

SEMICONDUCTOR: a material part-way between a resistor (ceramic) and a conductor (copper) including silicon, selenium, etc.

SOFTWARE: the programs a computer uses.

SOLID STATE: solid state electronic components made from similar materials—silicon, metals, etc.—that have no moving parts.

TRANSISTOR: this electronic component almost makes tubes obsolete. It is a semiconductor containing three or more electrodes that can be used for amplification and rectification.

WAFER: a round disc containing many integrated circuits which in turn are sliced and encased into a chip. ICs are made on those wafers, which measure approximately three inches round. They then are sliced into small pieces and sealed into the chips.

WAVE SOLDERING: a wave of solder is generated that bathes parts and joins them to the printed circuit board. It is used instead of a soldering iron.

Electronic revolution impacts on market

Integrated circuits insure low prices, innovative products

By JAMES P. TANN
Marketing Manager, Toy and
Game Components,
National Semiconductor Corp.
Consumer electronics retailers,
welcome to the future!

In order to help you understand
and cope successfully with the
present electronic revolution, I'd
like to concentrate on its impact
on the marketplace.

To understand the future, we
must briefly understand the na-
ture of the technology that is
encouraging this revolution.

Let's begin at the lowest build-
ing block with the integrated
circuit (IC). The electronics in-
dustry has continued to place
smaller and smaller circuit
elements on the same size chip.
These circuit elements are usually

which implies attractive markets.

(2) Product innovation is quick-
ly rewarded.

The first point insures con-
sumers of the lowest possible
prices. The second insures a con-
stant stream of innovations in
order to establish large market
shares and leadership positions.
These two factors combine to
make the consumer market a
leading edge of this revolution.

Before we venture out on the
prognosticator's proverbial limb,

we must first define a generic
consumer product or system. En-
vision this system as a group of
blocks labelled Input, Process-
ing, Instructions and Output.

By viewing a generic product in
this manner, it is possible to fore-
cast trends for each one of these
subsections. When these trends
are placed together, hopefully
they can provide an idea of the
types of products you can expect
to see on the market during the
next decade.

There is a difference between
real innovation versus minor en-
hancements. It is important to
understand this, because this
subtle difference could make or
break the retailers of the future.

In our generic system, the input
stage can be anything from simply
turning on the on/off switch,
through hitting keys, to finally
talking to the system. Today's
present technology usually re-
quires a key-stroke to initiate any

Continued on Page S34



James P. Tann

represented as transistors. While
in 1965 we could build an IC with
100 transistors, today we can
supply the same size IC with
100,000 transistors.

What this means to you is very
simple: As the circuits become
more complex, these circuits can
perform more functions at similar
prices. Or, stated another way, a
complex function for a certain
price will cost less in the future
as the IC becomes smaller.

This fundamental feature of
electronics can be described as the
cost/performance ratio. As this
ratio gets smaller (more perform-
ance for lower cost) more appli-
cations become available for
electronics.

This declining cost/perform-
ance ratio is accelerating, thus
proliferating the available num-
ber of electronic-based or en-
hanced products.

In no market is this more
evident than in the consumer
electronics market—therefore,
the revolution. Since we see no
near-term letup in this direction,
we can only assume this revolu-
tion will continue to accelerate.

The consumer market is, and
will remain on the leading edge
of this technology for two funda-
mental reasons:

(1) The volumes are large,

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Pressured to meet higher profit objectives this year?
Doubling the profits highly-promoted games will bring?

Offset low-profit sales by including Bandai Electronic
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They're programmed to bring your customers value
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For catalogue and price list contact: Bandai-America, Inc., 54 Metro Way, Secaucus, N.J. 07094 (201) 865-3500

Circle No. 14 on product card

Microprocessors help producers meet consumer demands

Continued from Page S33

action, and can be enhanced by joy-sticks, or sliding controls. Over the past few years, the input section has been expanded to include radio frequencies (radio controlled) and other forms of remote signal generations.

In the near future, the input section will further be expanded to include voice actuations. The first step will be to distinguish between two simple frequencies (i.e. yes/no), expanding to limited phrases (Channel 7) and finally

by the end of the decade, sentence recognition. Each successive step will require more complex electronics to recognize words and execute the proper commands.

The systems in the near future will exhibit probably a combination of all forms of input to effectively carry out their task. Just think about walking into your home, where appliances, entertainment, lights, security systems, etc. are all at your verbal command. Or, if you wish, you can talk to a device and it will listen

and react to you!

Within the processing section resides the most widely discussed electronic device—the microprocessor. This device provides the “brains” for the product. Despite all the media attention the microprocessor is receiving, it may be surprising for you to know that this device is probably the lowest element in cost in our generic system.

MORE INTERACTION AHEAD

While low in cost, the micro-

processor will have great impact on future systems. What this device does is take the input, and per instructions generate an output. It is evident that the faster, more complex this device becomes, the more complex and interesting will be the functions it will handle.

In the future, these devices will react faster. This is of key importance, for faster processing allows more functions to be performed almost at the same time. As an example, rather than going “beep-beep,” the sounds generated may be extremely complex (i.e. chords, music, real-life action sounds).

Secondly, these devices will offer greater versatility to design engineers. This will allow product engineers to more easily design “brains” into more products. It will also allow manufacturers to react more readily to rapidly changing consumer demands.

It is conceivable to forecast a standard processor section designed to achieve a number of different product roles. By simple modification at the production line, this processor can be changed to go into the “hot” consumer product of the moment.

Finally, a more complex processor will be able to talk to other processors (they can do this today!) in a very economical manner. This will spawn consumer products which become consumer “systems”.

The initial thrust has already begun with such items as video games connected to TV sets. For the future, we can envision processors talking to other processors within the home for such purposes as security and energy usage, as well as entertainment, or to processors outside the residence—large computers, data banks, etc.

GREAT FUTURE IMPACT

The key word or concept here is “interaction.” The more and better processors can talk to each other, the more interaction between the consumer and machines, or between other consumers, becomes possible. No longer does the consumer have to passively view the world and events, but he can truly participate in “armchair quarterbacking.” These complex interactive systems will be truly innovative, and will undoubtedly command excellent consumer acceptance.

In describing the Processor Section, I never discussed how they work. Basically, a processor is a dumb device that needs to be told what to do. These instructions can take many forms. They may be programs stored within

Continued on Page S41

THE GAME'S NOT OVER YET.



RETURN!
PRODUCT DEFECTIVE!

FACT: A HIGH PERCENTAGE OF ALL ELECTRONIC MERCHANDISE WILL MALFUNCTION PRIOR TO WARRANTY EXPIRATION.

When your goods are returned, how will you deal with them? If you're smart call Wicely.

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May 1980 issue—mail before Sept. 1, 1980

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NAME _____

TITLE/FUNCTION _____

COMPANY _____

ADDRESS _____

CITY _____ STATE _____ ZIP _____

Please circle the category which best describes your business.

- | | | |
|------------------------|-----------------------|-----------------------------|
| 01. Toy Specialty Shop | 09. Department Store | 19. Mfr. Rep. (Electronics) |
| 02. Hobby Store | 10. Toy or Hobbycraft | 20. Post Exchange |
| 03. Variety Store | 11. Wholesaler | 25. Radio, TV, Hi-fi store |
| 04. Discount Store | 14. Catalog Showroom | 26. Appliance Store |
| 06. Drug Store | 15. Resident Buyer | 30. Electronic Wholesaler |
| 07. Hardware Store | 16. Manufacturer | 99. Other |
| 08. Auto Store | 17. Mfr. Rep. (Toys) | |

Circle your approximate annual retail volume.

- Under \$100,000 \$100,000-\$250,000 \$250,000-\$500,000
 \$500,000-\$1,000,000 Over \$1,000,000

I wish to continue receiving Leisure Time Electronics _____ yes _____ no

Signature _____ Date _____

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NAME _____

TITLE/FUNCTION _____

COMPANY _____

ADDRESS _____

CITY _____ STATE _____ ZIP _____

Please circle the category which best describes your business.

- | | | |
|------------------------|-----------------------|-----------------------------|
| 01. Toy Specialty Shop | 09. Department Store | 19. Mfr. Rep. (Electronics) |
| 02. Hobby Store | 10. Toy or Hobbycraft | 20. Post Exchange |
| 03. Variety Store | 11. Wholesaler | 25. Radio, TV, Hi-fi store |
| 04. Discount Store | 14. Catalog Showroom | 26. Appliance Store |
| 06. Drug Store | 15. Resident Buyer | 30. Electronic Wholesaler |
| 07. Hardware Store | 16. Manufacturer | 99. Other |
| 08. Auto Store | 17. Mfr. Rep. (Toys) | |

Circle your appropriate annual retail volume.

- Under \$100,000 \$100,000-\$250,000 \$250,000-\$500,000
 \$500,000-\$1,000,000 Over \$1,000,000

I wish to continue receiving Leisure Time Electronics _____ yes _____ no

Signature _____ Date _____

Please enter my subscription to:

Leisure Time Electronics

1 Year: \$14 2 Years: \$20 3 Years: \$25

Foreign: 1 Year: \$40 Airmail: \$90 Single Copy: \$1.50

Bill me _____ Check enclosed _____

NAME _____ TITLE: _____

COMPANY: _____

ADDRESS _____

CITY: _____ STATE: _____ ZIP: _____

IMPORTANT: Please check the category below which best describes your business.

- | | |
|------------------------|------------------------------------|
| 01. Toy Specialty Shop | 14. Catalog Showroom |
| 02. Hobby Store | 15. Resident Buyer |
| 03. Variety Store | 16. Manufacturer |
| 04. Discount Store | 17. Mfr. Rep. (Toys) |
| 06. Drug Store | 19. Mfr. Rep. (Electronics) |
| 07. Hardware Store | 20. Post Exchange |
| 08. Auto Store | 25. Radio, TV, Hi-fi store |
| 09. Department Store | 26. Appliance Store |
| 10. Toy or Hobbycraft | 30. Electronic Wholesaler |
| Wholesaler | 99. Other (Please describe): _____ |

Circle your approximate annual retail volume.

- Under \$100,000
 \$100,000-\$250,000
 \$250,000-\$500,000
 \$500,000-\$1,000,000
 Over \$1,000,000

Date: _____



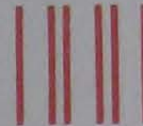
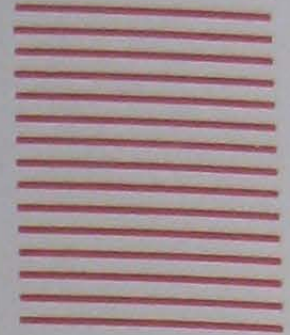
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BUSINESS REPLY MAIL

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POSTAGE WILL BE PAID BY ADDRESSEE

LEISURE TIME ELECTRONICS
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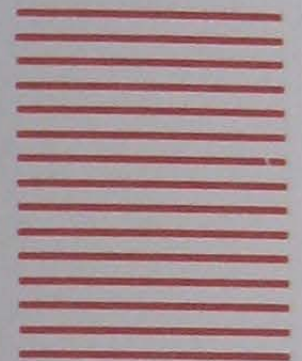
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P.O. BOX 3
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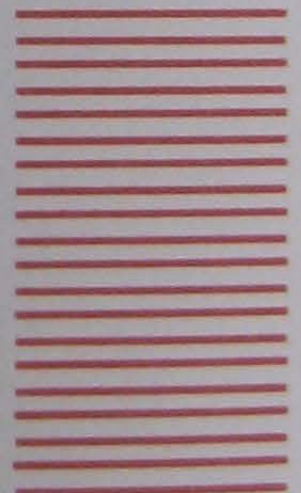
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BUSINESS REPLY CARD

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POSTAGE WILL BE PAID BY ADDRESSEE

Leisure Time Electronics
P.O. Box 1226
Darien, Conn. 06820



Few units yield major dollar volume

'Up-scale' families are heaviest buyers of electronic games

By JOHN BYINGTON
Vice-President, NPD Research,
Inc.,

Director, Toy Market Index

During 1970, nearly 50 million units of electronic toys and games were sold. With an average ticket price of about \$23.50, this volume translates to over \$1 billion in retail dollar volume.

In terms of importance to the total toy and game industry, electronics represent only 3 percent of total category units, but nearly 16 percent of total category dollars. Clearly, electronics have evolved into a major industry factor.

Using data available from the Toy Market Index, a service of NPD Research, Inc. of Floral Park, New York we can gain a fairly good picture of the size and structure of the electronic toys and games market, as well as some understanding about the people who are buying them.

ELECTRONICS PACE GROWTH

Volume trends for the total toy and game industry indicate overall growth during 1979. Dollar sales were up 17 percent versus 1978 and unit sales were up 2 percent. However, if we subdivide the category into electronic and non-electronic segments, we observe that the growth traces entirely to the emergence of electronics.

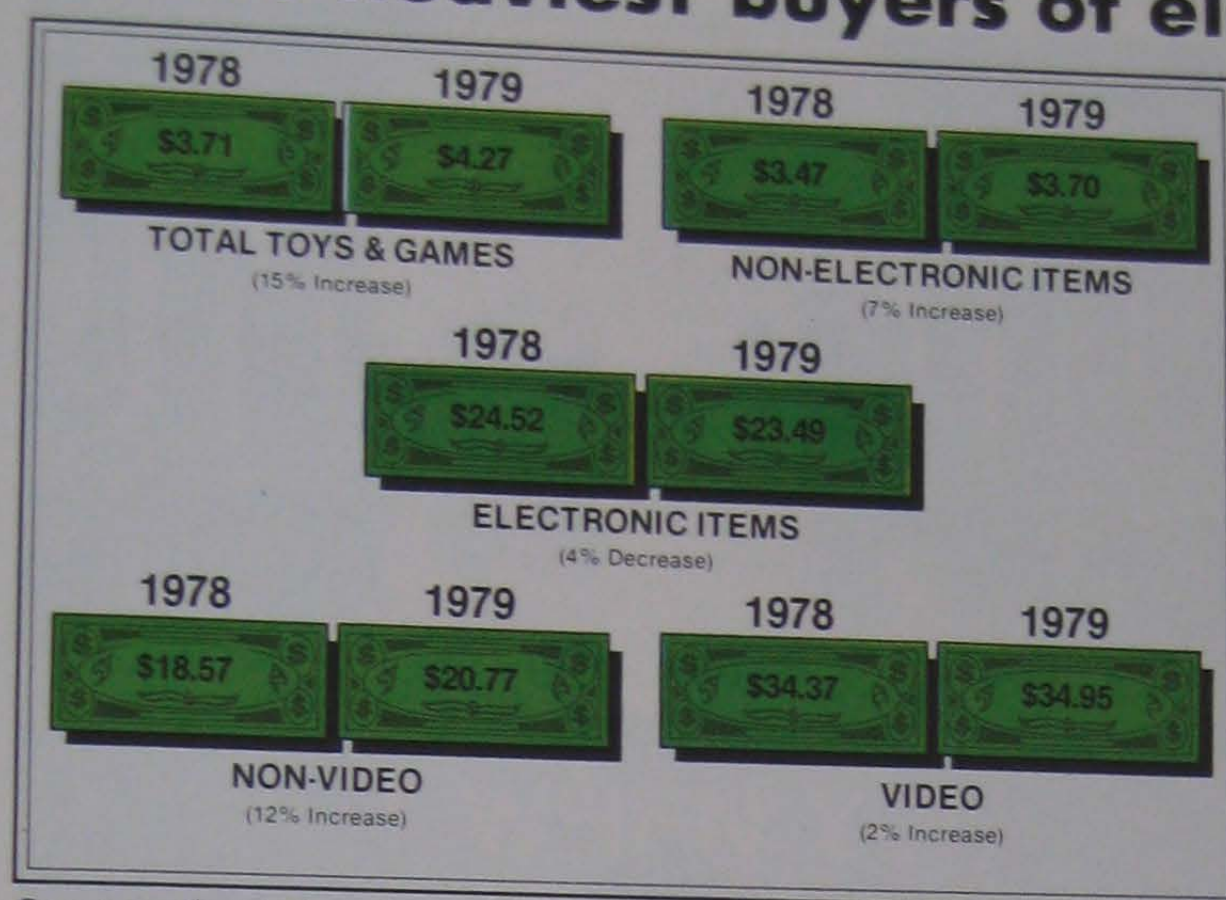
We generally think of electronic toys and games as belonging to two different types. First are the TV video games. These have been around for a few years, but still appear to be on a growth curve. During 1979 they did trend above non-electronic toy and game items.

The current excitement, however, is over the non-video electronic items. Sales of this type more than tripled in 1979, to a retail sales level of \$782 million, 2.5 times greater than the sales of video games.

Electronic toys and games are expensive. The average price paid for a TV video game in 1979 was \$34.95. The average price of the non-video electronics is less at \$20.77, but this is still considerably above the average \$3.70 paid for non-electronic toy and game items.

'TRUE MARKET EXPANSION'

The fact that consumers are willing to pay the higher price may suggest that the electronic items are thought of as more advanced, more educational or more sophisticated. Additionally, the electronic items frequently offer a variety of games and multiple skill levels. This would also seem to justify a higher price. The growth attributed to elec-



Comparative prices for non-electronic toys and games and electronic toys and games for the years 1978 and 1979 appear in this illustration.

tronics may be viewed as true market expansion. The fact that the non-electronic segment of the market has remained stable suggests this. Further, we find that the electronics are being purchased for older children and even for adults. These purchases do not represent replacement for other non-electronic items bought by the same consumers.

The appeal of electronics to older children and adults was even greater in 1979 than in 1978, which may suggest growing interest or awareness by these age groups over time. If this continues in 1980, market expansion may well continue.

GAIN WITH LARGE FAMILIES

The heavy buyers of electronics are families that are up-scale on education and income, and where the housewife is in the 35-54 age range and is employed part-time.

Naturally, the heavy buyers usually have children in the 6-12 and 13-17 year age groups. However, we notice a skew toward larger families; i.e. families with several children in these groups. Perhaps it is the larger families who can best benefit from an electronic item that can satisfy several family members in a play activity. The multiple skill levels of the electronics would further enhance this advantage.

The heavy buyers also tend to reside in the larger cities, having populations of 500,000 or more. In terms of regional development, the heavy buyers of video games are on the West Coast and the heavy buyers of the non-video items reside in the Eastern and Central Census Divisions. The city size and regional development may reflect the location of the key groups of buyers.

On the other hand, it could simply be a matter of product availability. Toy companies may

not have achieved good distribution in all areas of the country.

When demographic profiles were developed on buyers of electronic items during 1978, similar skews were observed. Interestingly, however, the profiles of the 1978 buyers were more extreme in the skew to families upscale on education and income. Perhaps more upscale families are innovators and are more willing to experiment with "new" items available each year. This would be especially true of expensive new items, since these families have higher discretionary incomes.

In general, mothers do most of the toy and game purchasing for both electronic and non-electronic items. However, with electronics, fathers are often involved

in the purchase. Fathers are twice as likely to purchase an electronic toy or game than they are to purchase another type of toy, 14 percent and 7 percent respectively.

Upon closer inspection we find that it is the TV video games that fathers are buying. Fathers bought 22 percent of them. Perhaps it is because these are higher-priced items or because fathers want to actually play with the electronic items themselves.

MORE MALES GET INVOLVED

Males seem to be more involved in both purchasing and playing with electronic toys and games. Fifty eight percent of the electronic purchases are bought for boys only; another 10 percent were bought for boys and girls to share. Consequently, very few electronics are bought for girls only, 7 percent of TV video games and 27 percent of non-video electronic toys and games.

This is definitely related to the types of play activity that have been translated into electronics. The majority of existing electronic items are either sports-oriented or space-oriented. Both spheres of interest probably have more appeal to men and boys.

In almost all instances the electronic toy or game purchase is a planned purchase. Eighty four percent of the time, the decision to purchase a TV video game has been made prior to entering the store. Slightly less frequently, the non-video toy or game purchase is planned (75 percent). As a benchmark, a pre-shopping trip purchase decision is made only 42 percent of the time for the total toy and game category. The high level of planned purchasing for electronics is not surprising, given the high ticket price and the fact that many of the items are bought for the entire family.

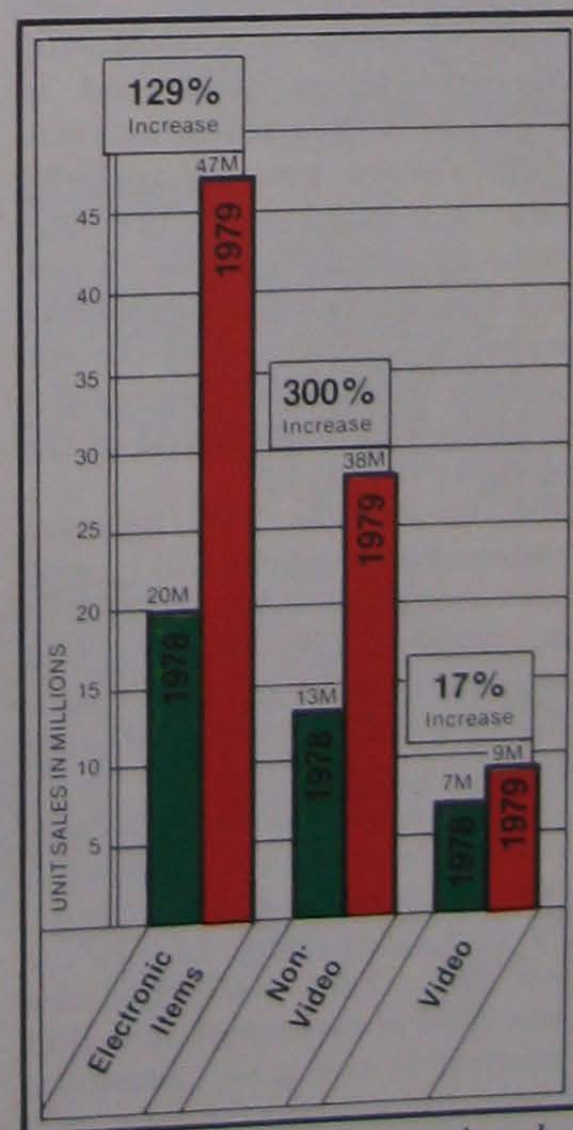
PRICES COULD DECLINE

Observations at Toy Fair this year indicated that many toy companies have identified electronics as a strong potential source for new growth. Consumers will have countless new electronic items to select from this year.

Many of the new electronic items will be hard to differentiate from items already on the market. However, as the environment becomes more competitive, we might expect prices to drop. Electronics may then be affordable to a broader base of families and market expansion may therefore continue.

Additionally, some of the new electronic items do provide new play activities. These should certainly contribute to further market expansion.

Continued on Page S38



This graph illustrates unit sales of electronic items for the years 1978 and 1979, as compiled by NPD Research.

Semiconductor availability much improved over '79

Continued from Page S1

falling off (more chips are being used in fewer end products), but it isn't increasing at the rate they've grown accustomed to, either. While suppliers contend their major markets remain firm, reports are beginning to filter through that the recession may, for the first time, be affecting the electronics industry, which previously had been considered "recession-proof."

Growth projections made last year by the suppliers did take into account that a recession was overdue. However, the slowdown has been greater than expected and vendors may not even meet their conservative edictions for 1980.

Ironically, vendors are now counting on leisure time electronic manufacturers to keep their growth chart lines taut and pointing skyward.

CHIP SHORTAGE HURTS

According to Charles Hill, a semiconductor analyst who serves as a vice-president in the Research Department at Bache, Halsey, Stewart and Shields, toy manufacturers were hurt last Christmas by the unavailability of components.

Hill notes that "the rapid, initial buildup" on the part of toy and hobby manufacturers, coupled with the fact that vendors saw that 1979 "was a sellers market all the way," made component manufacturers hesitant to "commit themselves to toys until they were sure how it would all unfold."

In addition, he observes, vendors were concerned with profitability. Toys and games are a high-volume market, but provide a relatively low margin for the chip producers. Limited capacity and low prices added to vendors' hesitancy.

"It pretty much costs the same to produce a chip, be it a high end computer chip or a toy chip," Hill notes. In 1979, vendors did not wish to tie up their capacity by limiting themselves to stamping out toy chips, because it takes almost as long to make a toy chip as a computer chip and the profitability "just was not there," according to Hill.

SUPPLIERS NOW SCRAMBLE

But the recession is sending out reverberations, and the "recession-proof" electronics field is experiencing a slowdown. This is leading suppliers to scramble for new accounts. "You won't see the semiconductor industry's growth go flat," opines Hill. Instead, he foresees a new willingness to



The dawning of integrated circuits has pushed tubes and other electronic components into the background.

deal with manufacturers.

Last year vendors were "capacity limited" and chose to serve the high end of the market. "Demand for toy chips exceeded expectations," says Hill. "Toy manufacturers were coming off almost ground zero in that particular end of the business."

"They will get all the components they need this year," he states. "I think next year they are probably going to have more chips than they want, because they will be capacity limited."

SEES FUTURE SQUEEZE

Hill cautions that "the toy industry will get squeezed in tough times. Toy manufacturers won't always get top priority from semiconductor vendors. There is a time coming in the next five years where a seller's market will return, and the toy industry is again going to get caught with the short end of the stick."

In the interim, Hill believes semiconductor prices will "come down next year, absolutely. If you are capacity limited, you won't move your prices. If it's a buyer's market, prices will come down."

"The integrated circuit's evolution is only half over," he feels. "We're seeing new technology, new processes every day. In the next five years we'll see the same kind of rate reductions that occurred in the past. Semiconductor manufacturers can only drive down the price so much. But they can now put so much on a chip, that the actual cost will go down and you will see some

pretty high-powered toys."

Major semiconductor vendors contacted by LEISURE TIME ELECTRONICS all acknowledged that they are upgrading existing plants or bringing on new front ends to meet present demand. They contend there is no softening in the market.

INCREASING CAPACITY

Bernie List, vice president of MOS Operations at Texas Instruments, Dallas, says, "We are increasing our capacity. Right now we are not meeting the demand of the electronic game industry."

But List reports TI is trying. He notes that in the four-year relationship between TI and electronic games, the company increased its capacity fourfold the first year, tripled it the second year and doubled that capacity last year.

Noting recent attempts by Japanese vendors to infiltrate the U.S. market, List adds, "Our

intent is to build enough capacity to supply the U.S. market and not allow the Japanese to make inroads." The company is currently expanding its Dallas operation and will have new wafer fabrication capability "early next year."

List acknowledges TI has "not been able to take on new customers." Instead, the company has increased its allocations to "established customers with fair-shared increases." With additional capacity slated to come on line in 1981, the firm plans to seek new clients.

The TI vice president believes the energy crunch is "a plus for the electronic game market. The home market for games is not showing any signs of softening. Despite the segmented downturn in the economy, we see an upturn for home electronics."

GROWTH STILL CONTINUES

Ken Greenberg, microprocessor product manager at General Instrument's Microelectronics Division, Hicksville, N.Y., contends the semiconductor market is "growing tremendously. We're still looking for 20, 30, or 40 percent growth this year. Business is a little slower than we originally forecast, but we all took the recession into account when we were making our predictions."

Greenberg detects "a fundamental difference in the way toy and hobby manufacturers build their products and the way the semiconductor business builds its products." He notes that the costs involved in establishing a wafer module run in the tens of millions of dollars, and that the cost of money mandates vendors to keep these modules running at all times once they come on line. "We can't run our business in a cyclical nature like toys. If toy manufacturers could build year-round, demand they would have no problem getting parts."

All the vendors feel that toy

Continued on Page S40

Electronic game consumers

Continued from Page S37

ket expansion. Whether electronics will maintain the sales momentum observed in 1979, however, is difficult to forecast.

The information used in this article comes from The Toy Market Index, a service of NPD Research, Inc., Floral Park, New York.

NPD maintains an on-going panel of over 13,000 nationally representative families. Using a monthly pre-structured diary, the panel members report purchases to NPD regarding certain selected categories. Respective to toys, the information reported includes: date of pur-

chase; manufacturer name; toy item purchased; number purchased; price paid; name of store where purchase made; type of store where made; who made purchase; for whom was item purchased; occasion for purchase; whether purchase was planned or impulse; extent of influence from recipient.

The data are then tabulated and national sales projections are made for each toy item made by each manufacturer within each toy category. Manufacturers and retailers can and have analyzed the data in a variety of ways to better plan their sales strategies. Currently, those companies who subscribe to the Toy Market Index represent over 47 percent of total industry sales.

Component suppliers to leisure time electronics market

Following is a listing of electronic components suppliers for leisure time products manufacturers. Information is based on replies to an LTE survey.

BECKMAN INSTRUMENTS DIVISION

2500 Harbor Blvd.
Fullerton, Cal. 92634
Currently supplying half a dozen toy and hobby manufacturers with LCDs and PGDs for electronic and pinball games. Sales are off the shelf.

R.E. BREUER CO., INC.

2 Haven Ave.
Port Washington, N.Y. 11050
This electronics distributor offers speakers (lead time six to eight weeks), transformers for voltage regulation (eight to ten weeks), semiconductors (eight to 20 weeks), and custom moldings for housings and other parts (ten to twenty weeks).

CRYSTALOID ELECTRONICS CO.

4976 Hudson Drive
Stow, Ohio 44224
Manufactures liquid crystal displays for electronic games with a lead time of eight to twelve weeks ARO. Currently supplies three toy and hobby manufacturers.

GENERAL INSTRUMENT CORPORATION

Microelectronics
600 W. John St.
Hicksville, N.Y. 11802
One of the largest electronic suppliers to the leisure time electronics industry, this manufacturer offers a series of microcomputers for various video and electronic games. Currently supplies approximately 50 firms and has a lead time on delivery of 12 weeks.

EXAR INTEGRATED SYSTEMS

750 Palomar Ave.
Sunnyvale, Cal. 94086
Supplies five toy and hobby manufacturers with servo integrated circuits for use in radio controlled cars and model airplanes. Lead time is 10 weeks.

LADCOR, INC.

230 E. Caribbean Dr.
Sunnyvale, Cal. 94086
Offers dot matrix liquid crystal display for handheld games. Lead time on deliveries is 10 to 14 weeks.

LITRONIX, INC.

19000 Homestead Rd.
Cupertino, Cal. 95014
Supplies LEDs for alphanumeric games with a lead time of 16 to 24 weeks. Also offers LCDs in eight to eighteen weeks' time. Manufactures custom products for specific applications as specified

in customer designs. Delivery ranges from 20 to 35 weeks depending on complexity.

MOLEX INCORPORATED

2222 Wellington Court
Lisle, Ill. 60532
Produces connectors, cables, sockets and switches for use in home entertainment units, electronic games and personal computers. Supplies approximately 50 firms at this writing. Also offers special custom products. Lead time on the standard product line

is six to twelve weeks.

MOTOROLA, INC.

Semiconductor Group
5005 E. McDowell Rd.
Phoenix, Ariz. 85008
Provides a number of semiconductor products for video games and home computers. Lead times are determined by consulting the firm's factory.

NATIONAL SEMI-CONDUCTOR CORP.

2900 Semiconductor Dr.

Santa Clara, Cal. 95051

While it currently supplies about 12 major leisure time electronics manufacturers, this house also offers two learning aids that are sold at retail (Quiz Kid @ \$9.95 and Quiz Kid Speller @ \$24.95). Among the components it produces are microcontrollers for toys and games (lead time 32 weeks), remote control chip sets for toys (16 weeks), custom electronics modules for toys and games (one year), LED lamps and displays

Continued on Page S41

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Toy firms learn to comply with semiconductor lead times

Continued from Page S38

and hobby manufacturers are still on a learning curve. They contend these manufacturers were unfamiliar with the necessary lead times involved, and as a result planned poorly in the past. Says Greenberg, "We're not the same as the rest of the vendors they're used to dealing with. All those manufacturers that place orders early are going to get all the parts they need."

The common analogy given by the vendors is that "It takes a longer time to develop a chip than it does to print a game board."

Stephen Fields, public relations director at National Semiconductor, Santa Clara, Calif., asserts that "Demand for semiconductor products is still on the rise, but it is slowing down a bit in some sectors. The slowdown is not across the board. For example, the auto industry is slowing down but we're still shipping more semiconductors to them because there are more

semiconductors per car, even though Detroit is making fewer cars."

Fields had served as marketing manager for toys and games at National before assuming his present post. "The kinds of components toys use are often custom products," he notes. "We have to build them for a specific function. The chips we build for Mattel are not going to be used in a GM car. You can't play basketball with your GM car."

SEES NO CHIP SHORTAGE

The National Semiconductor spokesman states that with custom chips, "there is no question of allocation, no question on delivery." With one-year lead times for these circuits, there is plenty of time to plan for their production, he asserts. Fields also says National Semiconductor can deliver standard chips in 16 to 18 weeks.

"There is no shortage of chips," he declares. "Anyone

who said there was a chip shortage last year was unfamiliar with this industry."

Fields reports that various toy and hobby manufacturers came back for new components in August and September in the past, hoping to get their finished games on the market for Christmas. This could not be done, and as a result, Fields believes leisure time electronic manufacturers then went away howling about a chip shortage.

"We told them, 'You can't get chips because you didn't order them in time,'" he states. "If they had ordered all the chips they needed in February, they would have had them in December."

Stan Katz, manager consumer marketing/Semiconductor Group at Motorola, Mesa, Ariz., believes toy and game companies "would get more semiconductors from this industry in a downturning economy, which we are very likely approaching." He notes that during a recession other areas currently using chip technology are likely to suffer. For example, industrial applications would falter during a downturn, he says. As a result, "those new people looking to put parts into their products would get components."

'RECESSION-PROOF' BUSINESS

Motorola has a program for toys and games "because we see a lot of this as a relatively recession-proof business, especially in the area of handheld games," Katz hints that Motorola will increase its focus in leisure time electronics in the near future, but notes that "a lot of what we do is still television-based. Television has undergone a rebirth with the introduction of video discs, home computers, and programmable video games."

One firm beginning to influence television sales is Mattel Electronics with its Intellivision system. Jeff Rochlis, president of the Mattel division, sees "significantly more quantities of electronic devices" available for the whole industry this year, compared with last year. Major firms like Mattel, Parker, Bradley and Coleco have all been able to expand their capacities to produce more quantities, he says, and Rochlis expects to see "significant" volume increases.

BRAND FIRMS MAY GAIN

But Tony Clowes, president at Entex, takes a different view. "I never expected additional growth this year," he says. "There aren't as many compo-

nents available. There were 50 million chips available worldwide allocated for our industry, and that isn't very much. Rockwell got out, and TI decided not to expand its allocation."

He notes that small firms which manufacture only 10 or 50 thousand units do not face insurmountable problems in securing chips.

Clowes believes "brand establishment" will tend to filter some of these small companies out of the market, which may cause more chips to become available. "The brand manufacturer will then come to feel that once he has more chips, he can innovate more."

Says Rochlis, "Much of the technological changes we are seeing now—new displays, voice synthesizers, high level microprocessors—are all being driven as much by our industry as any other right now. That's just the tip of the iceberg compared with what's coming down the pike. I think our industry will be one of the prime driving forces for a lot of new technology."

According to National Semiconductor's Fields, "The toy industry is very receptive to leading edge technology, whether it's plastics or electronics. If there's new technology on the block, the toy companies are trying to use it."

CHANGED PERSPECTIVE

"In the past, when we came out with a new product, we thought it was too expensive so we wouldn't go to the toy manufacturers with it. We've changed our minds on that," says Fields. "There are some sophisticated toy manufacturers out there capable of producing some really neat stuff."

Conic makes plans to broaden U.S. base

NEW YORK—Conic International, a major supplier of electronic games and radios, says it is preparing to broaden its U.S. distribution base with an "aggressive" marketing program.

Included in the program is a joint venture with Justin Products, Inc., a large independent distributor of radios and electronic games. Justin is the exclusive U.S. distributor for all Conic products, shipped F.O.B. Hong Kong.

The new structure will allow the firm to "concentrate on its growing consumer electronics division, which serves mass merchandisers," says Ed Steele, Conic's marketing director for worldwide sales.

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Future of integrated circuits

Continued from Page S34
the processor (handheld games), stored on other IC's (video games), stored on magnetic tape or disc (personal computers) or they can come from an external source (Cable TV). In general, these instructions are in a computer language and are rather complex.

During the next decade, instruction sets or "software" will become easier for the consumer to use. As a matter of fact, manufacturers who develop ways of placing economical software into the consumer's hands will have a significant advantage over their competitors.

Component suppliers

Continued from Page S39
both standard and custom (stock to 32 weeks) and audio amplifiers for toy phonographs (eight weeks).

ROCKWELL
INTERNATIONAL
Electronic Devices Division
3310 Miraloma Ave.
Anaheim, Cal. 92803

Offers microprocessors and one-chip microcomputers for electronic games and pinball machines. Lead times vary from off the shelf to 120 days. The company also produces custom electronic sub-assemblies for electronic games. Lead times for these items vary with the application.

SPRAGUE ELECTRIC CO.
North Adams, Mass. 01247
Supplies standard and custom integrated circuits, transistors and capacitors. Lead times will vary from as low as six weeks for capacitors to as high as 48 weeks for custom circuits.

TECKNIT
Connector Division
129 Dermody St.
Crawford, N.J. 07016
Provides approximately 20 leisure time electronics manufacturers with connectors for electronic displays and printed circuit boards, and switch contacts for keyboards and control circuits. Lead time is four to eight weeks.

TEXAS INSTRUMENTS
P.O. Box 22510
Dallas, Texas 75265
The originator of the silicon chip, Texas Instruments offers the TMS 1000 family of single chip microcomputers. Lead time is six to eight months. TI also offers complex sound generators (lead time 12 to 14 weeks) and a variety of other common semiconductor products.

We can envision for the future that instructions to our generic system will enter the system in three ways:

1. At the manufacturing level.
2. By the consumer.
3. From an outside source.

The third method would give our system access to a wide array of data on the outside world, consequently making it even more useful to the consumer.

NEW DISPLAY CAPABILITIES

The fourth and final major building block of our system is the Output portion. Today, it consists of simple sounds, lights, and TV screens. This will not always be the case.

As IC's become more complex, new display capabilities will become possible in size, multi-colors and shape recognition at the "handheld" level. In addition, the possible range of sounds will

be expanded to include multi-levels of music (chords), speech, and "real" natural noises. Even the TV screen may change in physical size (flat screen TV), and also its ability to display more realistic graphics.

MARKETING OF 'SYSTEMS'

In essence, our generic system will be able to duplicate any musical instrument, display a realistic still or moving picture, and contain much more information.

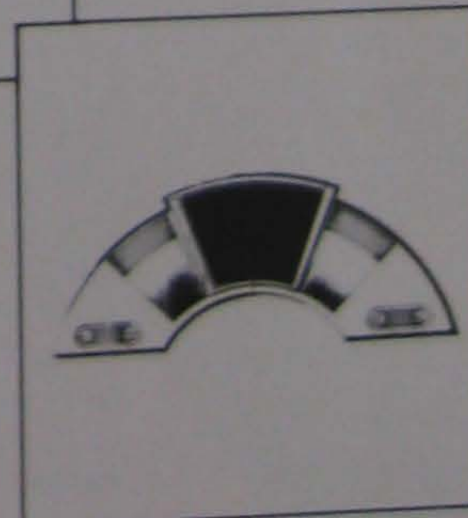
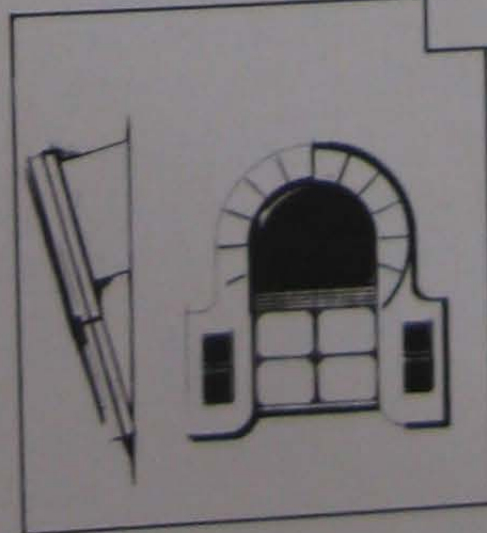
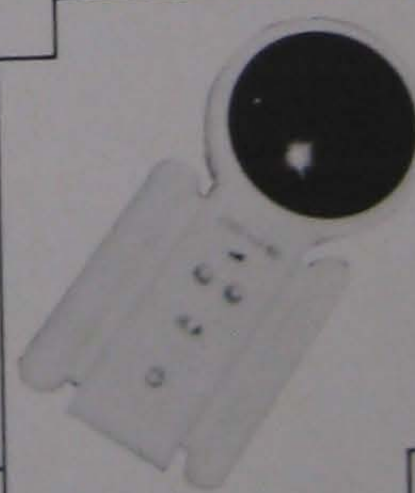
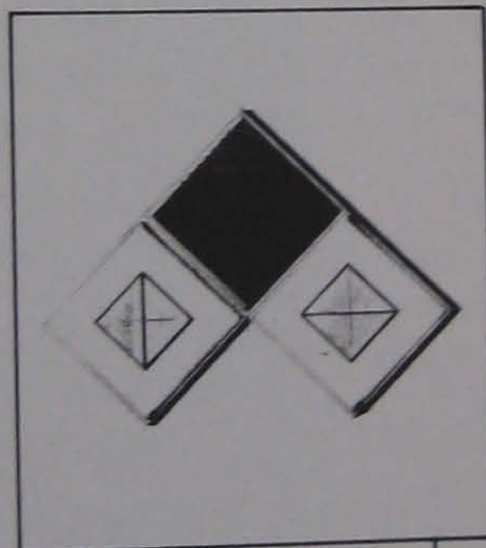
What do all these advances in the generic system mean for the retailer of the future? They mean that future consumer electronics products will be both innovative in their features, and will also serve many interrelated functions. We may be marketing "systems" rather than individual products, which will require different selling techniques. The systems you will be selling during the next decade will usher in an Information Revolution. Consequently, it

is clear that the lifestyle, as we know it today, will be altered greatly.

Other factors may even accelerate this revolution. As energy costs increase, it is more economical to move information than people or goods. Consequently, the advent of home offices, home shopping and home banking will occur. Future-thinking merchants will not only be contemplating how to "sell" to this new environment, but how to sell the equipment which makes information movement possible.

It is apparent that electronics will permeate the consumer market, and will change not only the products bought, but consumers' lifestyle and fundamentally the way they interact with other people, objects and institutions. The retailer who understands these forces and stays in-step with the trend, will have as great an advantage as the first users of media advertising. ■

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Circle No. 17 on product card

Retail training program helps Mattel launch Intellivision

HAWTHORNE, Cal. — A training program for in-store demonstrators, and heavy promotional roll-outs in February and March in New York, Chicago and Los Angeles, were used by Mattel Electronics to launch its Intellivision home video system.

The approach is part of a conscious effort to build a "long-term brand business," states Richard Hoag, Mattel Electronics' vice-president/sales.

Retailers are seeking a major marketer who can help them merchandise and sell leisure time electronics, Hoag maintains. "We are experts in consumer research, and we believe Intellivision can be a foundation block for creating a long-range business in what we call 'lifestyle electronics.'"

Intellivision is a modular approach to the personal home computer market. On the market now is a master component—a 16-bit microprocessor that connects to any home color TV set and utilizes 20 different game cartridges.

Available this summer will be a keyboard component; sold separately, which uses programmed cassettes. It features a 60-key, typewriter-like keyboard, which allows the user to feed information into the system and receive personalized results. Eight cassettes currently available concentrate on various self-improvement areas.

In 1981, Mattel is expected to build a personal programming capability into the Intellivision system.

To introduce the product line, the company first conducted a test market program last December in the Fresno, Calif., area, and then undertook similar programs in New York, Chicago and Los Angeles.

MEET TOP MANAGEMENT

Initially, company executives made presentations to top management officials at various mass merchandise chains in the different markets, says Hoag. "We feel we are presenting a new concept—a new product classification and, indeed, a new way of life. We know that handling it requires a major commitment of space, funding and staffing, and that these are decisions that cannot be made by a buyer."

Department store chains are "especially excited" about the oncoming personal computer market, reports Hoag, "because it adds extra dollars for them. We are getting them to understand that this really is a new business."

After selling the concept to managements in the Fresno market area, Mattel officials held



Press guests try their skills with Intellivision at The Broadway, Los Angeles, during debut of Mattel's home video system.

meetings with store personnel. Here, the nature of Intellivision was demonstrated and described, and salespersons from throughout the stores were encouraged to talk about the product to their customers. Incentive contests were held, with prizes given to salespeople who encouraged the most customers to visit the Intellivision display.

"Great enthusiasm was created," says Hoag, "because department stores thrive on fashion, and we are fashion. We tried to stimulate a fever throughout the store."

EMPLOYEES BUY PRODUCT

One side-result of this effort, he reports, was the large number of store employees who bought the product.

To help introduce Intellivision, Mattel developed a program to train in-store demonstrators in how to describe the system, and how to answer consumer questions. The three-day program lasts 18 hours, and has been conducted both at Mattel headquarters and within the local markets.

Hoag says that Mattel is in the process of creating an ongoing education and training department. "Our trained demonstrators will then train store demonstrators around the country."

The sophistication of the system, and the fact that it is a high-ticket, "considered sale" makes such a program necessary, states Hoag. "You must pay more attention to consumer questions; you must allow consumers to put their hands on the product through demonstrations, and must give them an opportunity to closely scrutinize your sales brochures."

Macy's in New York, Marshall Field in Chicago, and The Broadway in Los Angeles were the kick-off units for Intellivision in their respective markets. These stores enjoyed a one-week exclusivity in introducing the system to their

area, and were the first to be tagged on Mattel spot TV advertisements. Other chains in the individual markets joined the program in the second week of the campaign and began promoting and selling the product line.

STORE WINDOW DEMOS

Macy's and Field's featured live demonstrators in their store windows, while The Broadway kept live demonstrators on hand during peak business hours for two weeks, in its electronics department.

Participating chains in the market areas also took advantage of a Mattel incentive program that allows retailers to accrue monies toward the cost of print ads, says Hoag.

At Macy's, Intellivision is being carried in the electronics department. Bloomingdale's, New York, is showing the system in a special consumer electronics department that also includes such items as calculators, home security devices and stereo systems. The product is

being stocked at Gimbels, New York, in an area bordering both the TV and electronic games sections.

A cross-merchandising approach is being carried out at The Broadway. There, a main-floor department carries handheld games, video games, Intellivision and Atari's home video system. The Intellivision video game component and keyboard component will also be stocked upstairs in the TV department.

DRAWS MEDIA ATTENTION

Pete Wilson, Marshall Field's buyer for cameras, calculators and adult games, says the window demonstrations on State Street drew a great deal of media attention, as well as in-store traffic. Demonstrators were used over a two-week period, as part of a storewide "American Idea" promotion that showcased American-made products. "We felt Intellivision ideally dramatized American inventiveness in electronics," says Wilson.

He believes the effectiveness of the demonstrators depended on the individual involved. "Their personality was important, and how they were able to convey to consumers the fun of the item."

Don Kapicka, The Broadway's electronics buyer, plans to use Mattel-trained, in-store demonstrators again in the fall, and thinks they will be even more effective then.

"The program was very valuable in training my personnel," he says. "But I don't think the consumer was well enough aware in the spring of what Intellivision is. In the fall, though, when Mattel is carrying out a nationwide promotional campaign, I believe the demonstrators will really pay off."

GE offers low-cost ni-cad battery charger

GAINESVILLE, Fla. — General Electric Battery Business Department has introduced a new low-cost battery charger for use with its line of nickel-cadmium rechargeable batteries.

The new "Double Charger" can charge twice as many GE batteries as previous GE chargers, charges them faster than previous chargers, and charges more than one size at a time, says the firm. GE's suggested retail price for the item is \$5.98, but the company is introducing the product with a special introductory suggested retail of \$3.98.

GE pioneered the development of low-cost miniature battery chargers in 1976 with the introduction of the BC3 miniature charger. It retails for \$3.98,



charges four AA size, two C or D cells, or one nine volt GE battery in 14 to 16 hours.

The new Double Charger, Model BC2, can charge twice as many of each battery size, in various combinations; up to eight AA size batteries. The cells are ready to use in only three to five hours, and are fully charged in eight to twelve hours.

Double Charger—Circle No. 150 on product card

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